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Mass media
[Report]

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Words, Music, and Dollars

A Study of the Economics of Publishing and Broadcasting in Canada, by Hopkins, Hedlin Limited

Report of the
Special Senate Committee on Mass Media

Volume II

The Special Senate Committee on Mass Media

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TERMS OF REFERENCE

On Tuesday, March 18, 1969, the Senate of Canada constituted the Special Senate Committee on Mass Media by approving the following resolution:

> That a Special Committee of the Senate be appointed to consider and report upon the ownership and control of the major means of mass public communication in Canada, and in particular, and without restricting the generality of the foregoing, to examine and report upon the extent and nature of their impact and influence on the Canadian public;
>
> That the Committee have power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of the inquiry; and
>
> That the Committee have power to send for persons, papers and records, to examine witnesses, to report from time to time and to print such papers and evidence from day to day as may be ordered by the Committee.

The Committee was reconstituted by the Senate during the second and third sessions of the 28th Parliament on October 29, 1969 and October 8, 1970.

PREFACE

Throughout the following volume – particularly in Part I and in Appendix I – the population figures used are those given in the *Financial Post Survey of Markets* (1969), projected population as at April 1, 1969. Where a listing for a selected community at this date was not available from this source, the figure is derived from the 1966 Census of Canada and denoted by the letter "C" (Metropolitan population figures are denoted by the letter "M.") Circulation figures for newspapers have been taken in most cases from *Canadian Advertising Rates and Data* (December, 1969). Circulation figures for radio and television stations are taken from the Bureau of Broadcast Measurement's *Coverage and Circulation Report* (October 27 to November 9, 1969). Radio data are based on the average daily circulation in daytime hours, for all persons two years and over. Television data are based on average daily circulation, in nighttime hours, for all persons two years and over. Cable television systems have no call letters and therefore the symbol "CATV" is often used, in conjunction with some more specific identification, such as location. CATV circulation figures were provided to the Committee by individual system operators; unbracketed figures indicate actual number of subscribing households at December 31, 1969 (including apartment and bulk units); bracketed figures indicate maximum potential on the same basis.

The first section of Part II, on the economics of the mass media, was prepared by Hopkins, Hedlin Limited and based on studies undertaken by Hedlin, Menzies & Associates Limited, consulting economists, assisted by Douglas McArthur of the Topecon Group. The second section of Part II, on newspapers and periodicals, was prepared by Douglas McArthur of the Topecon Group on behalf of Hedlin, Menzies & Associates Limited. Rodger Schwass, Norman Mogil, and Arvo Ray of Hedlin, Menzies & Associates Limited undertook the preparation of the sections on the radio and television broadcasting industries. The remainder of the studies in Part II – with the exception of two papers on cablevision by the Committee's research staff – were prepared by the staff of Hopkins, Hedlin Limited. The report was completed in November, 1969. Data relating to media ownership were later revised to July 31, 1970.

For obvious economies of space and sense, various abbreviations have been employed throughout the following volume. They are:

Arch	Archibald
BaP	Baribeau-Pratte
B-B	Bromley-Browne
B.B.M.	Bureau of Broadcast Measurement
BCT	B.C. Television Systems
Beau	Beaubien
Blk	Blackburn
Brl	Brillant

BsE	Bassett-Eaton
Bsh	Bushnell
Btl	Butler
Bur	Burgoyne
Cmb	Cambrian Broadcasting
Col	Columbian
Crk	Cruickshank
Crp	Crépault
Cty	Countryside
Dan	Dancy Broadcasting
Den	Dennis
Des	Desmarais
Dgl	Dougall
Dvs	Davies
Elp-Ke	Elphicke-Key
Fra	Francœur
Fin	Finnerty
FP	F.P. Publications
Fpl	Famous Players
Frt	Frontier Broadcasting
Gco	Greco
Gou	Gourd
Grn	Green
Guif-Yu	Guifford-Yuill
Hy	Hyland
Irv	Irving
Lap	Lapointe
Lpg	Lepage Society
Lpg-Ba	Lepage-Baribeau
Lvn	Lavigne
Lyn	Lynds
McC	McConnell
Mch	Michaud
M-H	Maclean-Hunter
Mis	Misener
Mng	Manning
Mof	Moffat
Mort	Morton
Mtl	Montreal Star
Mur	Murphy
MysL	Mystery Lake
Nath	Nathanson
Par	Parisien
Pat	Pattison
Pel	Peladeau
Plk	Pollock
Prt	Pratte
Q Broad	Q Broadcasting
Rgs	Rogers
Rly	Relay
Rwl	Rawlinson
S	Southam
Sbl	Soble
Sft	Sifton
Sim	Simard
Skn	Skeena
Slk	Selkirk Holdings
Snl	Snelgrove
Std	Standard Broadcasting
Stl	Stirling
Synd	Le Syndicat d'Œuvres Sociales Ltée.
T	Thomson
Tel	Telecommunications Inc.
Tor	Toronto Star
Van	Vancouver Broadcasting Associates
W	Weekly
WBC	Western Broadcasting Company
Western	Western Manitoba Broadcasters
Wil	Wilson

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Part I

CONCENTRATION

Chapter 1:

CONCENTRATION, A NATIONAL POLICY DILEMMA

INTRODUCTION

In the White Paper on Broadcasting published in 1966, the federal government of the day foreshadowed new regulations to restrict further foreign control of Canadian mass media. But the White Paper also touched on another, still unresolved aspect of media ownership:

> Within Canada, ownership or control of one medium of communication by another is equally a matter of concern if it tends to develop into a monopoly. There is a growing number of cases where either ownership or control extends to both the local newspaper and the local radio or television facilities. The Board of Broadcast Governors will be required to investigate and report on public complaints or representations about situations of this kind.
>
> Parliament will be asked to authorize the Government to give guidance to the Board of Broadcast Governors, aimed at preventing foreign control of Broadcasting facilities, the domination of a local situation through multiple ownership, or the extension of ownership geographically in a manner that is not in the public interest.

Since the publication of the White Paper, concentration of mass media ownership – mainly in the hands of Canadian interests – has proceeded at what appears to be a quickening pace. There has been, however, still no guidance from the federal government in this situation, nor has the new regulatory authority in broadcasting, the Canadian Radio-Television Commission (C.R.T.C.), yet developed clearly discernible guidelines of its own.

A variety of forces have combined to produce a growing concentration of media ownership. Economics and technology may be the dominant forces, since they undoubtedly favour the development of increasingly large units of both newspapers and broadcasting outlets – although not necessarily multiple ownership of both media or even of either medium. But a number of other elements have also played important parts. These include laws and regulations involving income tax and succession duties and, in a negative way, the apparent ineffectiveness of existing legislation governing mergers, trusts, and monopolies. The mounting power in the marketplace of public companies – together with their constant thrust to grow and expand – has contributed in an important way to public companies' increasingly dominant role in the communications media.

It is conceivable that some of these trends could be moderated, or even reversed, if it were considered desirable to do so. Over time, economics and technology tend to work in an inexorable way. In many countries, however, there is an underlying belief that the development of the communications media must be governed by more than economics alone because of the vital part they play in the life of the nation itself. In the introduction to its report in 1961, the Royal Commission on Publications observed that it had been urged to base its inquiry on purely economic considerations, but that:

> This has not been possible because, while many of the problems faced by Canadian periodicals are economic, the nature of modern communication is such that its effects carry enormous social and political, as well as economic, implications. Like the two sides of a coin, the "cultural" and economic are virtually inseparable, and neither can provide a complete perspective in itself.[1]

In its report on its inquiry into the joint publishing arrangement between the Vancouver *Sun* and *Province*, the Restrictive Trade Practices Commission pointed out that the democratic conduct of affairs at both local and national levels is dependent upon the formation of public opinion:

> If the public cannot get the significant facts about what is going on, if it cannot get them sorted out in a significant way, if it is not enlightened by discussion that points out the possible consequences of the alternative courses of action before the community, too many opinions will be ill-formed and muddled and likely to be temporary and unstable.
>
> If well-informed public opinion is an essential of sound public policy, then the channels through which information flows to the members of the public have an importance which cannot be overemphasized.[2]

Judge Learned Hand of the U.S. Supreme Court once reflected a similar outlook. The press, he said,

> serves one of the most vital of all general interests: the dissemination of news from as many different sources, and with as many different facets and colours as is possible. That interest is closely akin to, if indeed it is not the same as, the interest protected by the First Amendment; it presupposes that the right conclusions are more likely to be gathered out of a multitude of tongues, than through any kind of authoritative selection. To many this is, and always will be folly; but we have upon it staked our all.

In a decision in 1945, the U.S. Supreme Court concluded that the First Amendment, guaranteeing the maintenance of a free press, "rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public."

In Canada, the Royal Commission on Publications suggested that the very decline in the number of diverse and antagonistic sources of communication might

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[1] Page 3, Royal Commission on Publications, Queen's Printer, 1961.
[2] Page 164, Report Concerning the Production and Supply of Newspapers in the City of Vancouver and Elsewhere in the Province of British Columbia, Queen's Printer, 1960.

require some impingement by government on the traditional autonomy of the press:

> It is not inconceivable that new limitations may be necessary in the future, seeing that with the increased importance and mounting power of mass communications, there must be a corresponding gain in the power and importance of the relatively few people who control the media, and, therefore, a decrease in certain rights of other individuals in the community.[3]

The growing concern evident in Canada over increasing concentration of media ownership has its parallel in the United States, where the same trend toward multiple-media interests is clearly evident. In March, 1968, the Federal Communications Commission (F.C.C.) gave notice of its proposal to consider a new rule that would extend its present restrictions on multiple broadcasting interests. This provides that no single individual may own more than seven AM radio licences, seven FM radio licences, and seven television licences, of which only five may be for VHF stations and the remaining two for UHF stations. The F.C.C. also prohibits common ownership of two stations of the same medium (television, AM or FM radio) that reach into a single market with overlapping signals. Through its announcement in March, 1969, the F.C.C. proposed to extend this rule by providing that in future there could be no common ownership of multiple broadcasting stations of any kind in the same market.

On August 1, 1968, the U.S. Department of Justice intervened to advance its own proposal that the new restriction contemplated by the F.C.C. not only be extended to prohibit common ownership of a newspaper or newspapers and broadcasting facilities in the same community, but that the restriction be applied retroactively as existing licences came up for renewal:

> The clear effect of combined ownership of similar broadcast media in the same local market is to reduce the diversity of news and information sources available, and to lessen the degree of competition for advertising between these alternative media. This consequence is all the more unfortunate because a striking concentration of facilities in many major markets has already occurred. Moreover, combined ownership may facilitate undesirable competitive practices by which the "combined" owner seeks to exploit his advantages over the single-station owner. These practices may include granting special discounts for advertisers utilizing more than one medium or cumulative volume discounts covering advertising placed in more than one medium.

On December 12, 1968, the F.C.C. took its own proposal one step further by suggesting that a television station should be prohibited from owning a cable television system in the same market. The Justice Department endorsed this approach in a submission on April 7, 1969, but supplemented it with its own proposal that newspapers should also be prohibited from owning cable television systems in the same community.

Not waiting for the F.C.C. to act on its earlier submission urging prohibition of common newspaper and broadcasting interests in the same community, the Justice Department broke new ground when it moved to force the Gannett newspaper

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[3] Ibid. Page 8.

group to divest itself of the ownership of a television station in Rockford, Ill. On December 5, 1968, it filed a consent decree with a U.S. District Court.

One of the most outspoken opponents of media concentration in the United States has been Nicholas Johnson, who has been one of seven members of the F.C.C. since 1966. Recently, Mr. Johnson asserted:

> If we are serious about the kind of society we have undertaken, it is clear to me that we simply must not tolerate concentration of media ownership – except where concentration creates actual countervailing social benefits. These benefits cannot be merely speculative. They must be identifiable, demonstrable and genuinely weighty enough to offset the dangers inherent in concentration.

The essential nature of the problem confronting Canada (and many other countries) as a result of the growing concentration of media ownership was once outlined by Dr. Andrew Stewart, then Chairman of the B.B.G. in testimony before the Senate Committee on Transport and Communications:

> I think there is a dilemma in this matter. Everybody is conscious of the dangers of concentration of expression of opinion. This is what we want to avoid. We want plurality of expression, and multiple ownership can go against this. On the other hand, there are considerable advantages to grouping of stations; economies that can be effected by larger scales of operation and through multiple ownership. It is certainly our view that in some of the cases of multiple ownership an improved level of service does in fact follow as a result of the economies.[4]
>
> In this country we have a limited market. We have limited capacities in comparison, say, with the United States and, therefore, there is a case for our taking advantage of the economies which can help to maintain and improve the service. So, one is faced with this dilemma: there are gains, and there are dangers in the process.

Dr. Stewart's contention was echoed a little more than a year later by the Chairman of the new regulatory broadcasting agency, the C.R.T.C., Pierre Juneau:

> Many of the decisions that the Commission had to make during the year have forced it to think about the question of possible concentration of ownership
>
> This problem is a particularly difficult one in Canada. It seems to me that we need some groups in Canada that will be large enough to be able to compete in the entertainment, the cultural, the informational and educational fields with the enormous entities that are being created in other parts of the world and particularly by our neighbours.
>
> These groups should be able to compete or to co-operate in the production of material and in distribution of such material; on the other hand, you also want to maintain some pluralism in Canada in order to have competition within Canada. You also want to maintain as often as possible some identification by the owners with the regions in which they operate. You want to avoid situations where concentration of media ownership is such that a complete area risks being dominated exclusively or to a very large degree by one owner. I suppose you also might want to avoid ownership patterns where one operator is in such a vastly superior position vis-à-vis his competitors that this situation becomes unfair to those competitors.

As both Dr. Stewart and Mr. Juneau suggested, those responsible for governing the affairs of the country are confronted by a basic conflict between the desirability of widespread mass media ownership and the extreme danger of

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[4] Pages 49-50, Reports of The Committee, February 20, 1968.

excessive concentration on the one hand, and the economic benefits and improved service sometimes offered by large-scale operations on the other. In the final analysis, what is involved is a fundamental judgment about the relative weight that should be given to each consideration.

Although the B.B.G. was not unaware of the problems of concentration, Dr. Stewart himself indicated that the former regulatory authority placed the higher value on the benefits it considered would flow from large-scale operations. The B.B.G., he once noted, had never felt that concentration of media ownership had developed to the point that it should have called a halt to it:

> We are conscious of the problems of multiple ownership, but we have never rejected an application on the basis that it has gone too far. We keep saying it can go too far, and it should be stopped, but we have not tried to devise a formula for this purpose.

As will be discussed at greater length later, the C.R.T.C. has at times voiced a greater measure of concern than the B.B.G. about the problems of ownership concentration, a concern that occasionally has been reflected in its decisions. As suggested earlier, the shape of its policy in this regard can still be only dimly seen, although some recent decisions of the C.R.T.C. could be viewed as the evolutionary beginnings of a broad policy.

On July 10, 1969, for example, Rogers Cable TV Limited and Co-Axial Colourview were granted two-year licences to serve the Toronto area. The licences were granted contingent on Glen-Warren Productions Ltd.'s disposing of a 50 per cent ownership interest in Rogers Cable TV Ltd., which owned 90 per cent of Co-Axial Colourview Ltd. This condition was made because the share ownership of Glen-Warren Productions Ltd. was the same as Baton Broadcasting Ltd., licensee of CFTO-TV, Toronto, and because the Telegram Corporation Ltd. owns approximately 53 per cent of Glen-Warren Productions Ltd.

Concern over a balance of ownership in the communications media in a particular region was indicated again by the C.R.T.C. when it granted cable licences for Calgary and Edmonton on July 23, 1970. Community Antenna Television Ltd. was granted a three-year licence in Calgary contingent upon F.P. Publications disposing of its shares in the company before expiration of the licence. In Edmonton, Capital Cable Television Co. Ltd. was given a three-year licence contingent upon Mr. G.R.A. Rice disposing of his shares in the company in the same time period.

An application by Maclean-Hunter Cable TV Ltd. to acquire the assets of Hamilton Co-Axial (1958) Ltd. was denied by the C.R.T.C. on July 27, 1970. Maclean-Hunter's effective ownership and control of 17 cable systems and five radio stations in Ontario was cited as the reason for the denial. The Commission felt approval of the application would result in a concentration of ownership in Southern Ontario to an extent not in the public interest.

Bushnell Communications Ltd. in applications to the C.R.T.C. proposed to purchase effective ownership and control of an additional 17 cable television systems, 4 TV stations, 7 AM stations, 4 FM stations, and 1 short-wave station. The Commission denied all but one of the cable applications because it thought approval would create excessive concentration of media ownership. Bushnell was

told to transfer as rapidly as possible its interests in the one cable television system it was allowed to purchase.

Proprietors of newspaper groups are particularly sensitive to any suggestion that they constitute a threat either to a community or to the nation. Their sensitivity stems in part from the very heavy degree of concentration among Canadian newspapers generally. It also relates in an important way to the special nature of the medium. The Restrictive Trade Practices Commission once remarked that:

> Among [the] channels of communication, the press remains the prime medium of communication for the purpose of assisting in the formulation of public opinion. For this purpose, radio and television are less effective because of the impermanence of their messages, the restricted number of channels available and the limitations of the periods during which information can be conveyed.

The same point was made a dozen years before by the Royal Commission on the Press in Britain. It is not surprising, therefore, that large group-interests seek to allay concern that concentration of daily newspaper ownership might produce a comparable concentration of political power.

As long ago as 1951, Roy Thomson, stung by protests about his continued accumulation of newspapers, purchased an advertisement in the Globe and Mail to explain his "creed" as a publisher. His explanation read, in part:

> I can state with the utmost emphasis that no person or group can buy or influence editorial support from any newspaper in the Thomson Group. It has often been asked, "Why does the Thomson Company buy newspapers? " My answer to that is to say that the business I know best is publishing newspapers. . . . I can state, with the utmost sincerity, that each and every one of the newspapers associated with the Thomson Company has the interest of its community at heart, and equally that of Canada too. Each newspaper may perceive this interest in its own way, and will do this without advice, counsel or guidance from the central office of the Thomson organization. This is, and will continue to be, my policy.

For some years, Southam Press Ltd. has reiterated its own particular "creed" in its annual report. It reads:

> In an industry as important to the growth and maturity of Canadian public opinion as newspaper and magazine publishing, the company has pursued a number of basic policies, all of which are intended to assure objectivity of the printed word.
>
> These are:
>
> 1 The company will have no financial interests in enterprises outside the communications field.
>
> 2 Officers of the company or its subsidiaries and senior publishing executives may not act as directors of other unrelated firms operated for profit unless the company has an interest in such firms to be served thereby.
>
> 3 The company's newspapers and magazines are operated under individual management and develop independent editorial policies. There is no "Southam" editorial policy.
>
> 4 Officers, editorial personnel, and all other key employees of the company are expected to remain free from political and other outside activities when such activities might influence or appear to influence the editorial freedom or independence of any of the company's publications.

For a number of years, Southam Press also has held extensive interests in broadcasting both in its own right and through its 30 per cent share of the voting

stock of Selkirk Holdings Ltd., a company with extensive broadcasting interests. In 1959, Southam adopted a policy of divesting itself of any majority holdings of a broadcasting station. "This followed from our conclusion, reached after careful consideration, that we should not control broadcasting stations in cities in which we publish newspapers," the company said in its annual report of 1960. In its annual report of 1969, Southam Press noted that it no longer was responsible for the management or operation of any broadcasting property. The company also announced a further change in its position:

> We have now adopted a policy of consolidating, where possible, our broadcasting investments. A specific objective is to eliminate those situations in which both this company and Selkirk hold interests in the same properties. Agreement in principle has been reached with Selkirk to this end. Any changes in ownership which result will require the approval of the Canadian Radio-Television Commission.
>
> A first application has already gone before the C.R.T.C. in connection with the shareholdings of Wentworth Radio and Niagara Television in Hamilton. If approved, this application will be a step toward the separation of ownership between Southam and Selkirk in these two properties.

This application was approved and further applications to consolidate broadcast holdings within Selkirk holdings have been filed with C.R.T.C.

It may very well be that the attitude expressed by some of the large newspaper groups with regard to independence of editorial policy enjoyed by their several constituents can and should be accepted at face value. This acceptance may be tempered somewhat by the awareness that head office is able to influence, at least within certain limits, editorial approach through its power over the appointment of individual publishers and its control over their operating and capital budgets. These considerations apart, however, it is necessary to weigh the possibility that no matter how benign and enlightened the approach of present owners, there exists a very real potential for power to be concentrated in other, less benevolent hands to an extent commensurate with the concentration of media ownership. In an age of the "take-over," this is a particular danger for widely held public companies. Nor can it be readily assumed that, because the owner of a newspaper does not control a broadcasting outlet in the same or another community, his minority interest deprives him of all significant influence – actual or potential.

In October, 1969, Stuart W. Griffiths, President and Managing Director of Bushnell Communications Ltd., appeared before a hearing of the C.R.T.C. in Vancouver to argue against blanket maintenance of a ruling in 1966 by the B.B.G. prohibiting multiple ownership of CTV network affiliate stations, an issue that will be touched on later. Mr. Griffiths, whose company operates CJOH-TV in Ottawa, was seeking to acquire a number of other radio and television stations, including CFCF-TV in Montreal. He contended in his brief that there was strong economic pressure for the amalgamation of existing broadcasting stations into larger units. At the same time, Mr. Griffiths maintained that not all mergers were desirable:

> Clearly some kinds of amalgamation will not well serve the audience. If choices are reduced as a result of amalgamation, if the useful check-and-balance between, for example, print and electronic media is removed because of amalgamation, then the audience may be less well served.

Where the owner of a newspaper also has a controlling interest in broadcasting facilities in the same community, the kind of "check-and-balance" about which Mr. Griffiths spoke is very unlikely to exist. It is certainly open to question how effective this counter-balance is likely to be if the owner of the newspaper has a substantial minority interest in community broadcasting facilities – even more questionable if he controls them.

THE DISAPPEARING DAILY

Writing in the *Canada Year Book* of 1959,[5] W. H. Kesterton pointed out that daily newspapers in Canada (as elsewhere) have undergone a marked "mutation" during this century:

> Extensive gains in circulation, a great increase in timeliness, a remarkable enlargement of the mechanical plant and business operation, and innovations of newspaper production and news presentation were the essential features of the transformation.
>
> These striking changes were caused by the interaction of two factors – a remarkable economic and population growth and revolutionary developments in the technology of journalism.
>
> The hand-in-hand growth in circulation and technology has had a vicious circle quality. To serve vastly increased readership, newspapers require elaborate and costly equipment; to pay for elaborate and costly equipment, publishers must secure vastly enlarged readership. Under such conditions, many an entrepreneur has found himself caught up in a situation in which he has had to gain all or nearly all the potential subscribers of his area if his enterprise is to continue. Thus in many communities there has no longer been room for two newspapers as there had been in the days of Mackenzie and Howe and rival journals have given no quarter in publishing battles that have ended only when all but one contestant has been driven from the field. . . . This process has brought about a trend toward what Oswald Garrison Villard has called, in reference to the United States, "the disappearing daily." Today the one-newspaper city has become the rule, the multi-newspaper city the exception.

What Professor Kesterton wrote is as true today as it was a decade ago and, if anything, there has been an intensification of the forces of economics and technology that have led to the decline of newspaper competition. It is often said that one of the great differences between publishing and broadcasting is that anyone can start a newspaper, while the number of frequencies available for broadcasting is limited and must be made subject to government control. In fact, it is probably more possible today to start a radio or television station than a newspaper, at least in a major city.

In its inquiry into the newspaper situation in Vancouver, the Restrictive Trade Practices Commission noted that all attempts in the years immediately prior to 1960 to establish a major new daily newspaper in cities already served by an existing paper had failed.[6]

There have been few attempts since. In 1961, *Le Nouveau Journal* was begun in Montreal, but folded the following year. The *Metro Express* of Montreal and the Vancouver *Times* both began publication in 1964. The Times folded in 1965, and

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[5] "A History of Canadian Journalism, (Circa) 1900-1958." (Canada Year Book, 1959). p. 883.

[6] Ibid, Page 6.

the *Metro Express* in 1966. The only exception to this rule of failure for newspapers in cities with existing dailies is *Le Journal de Montréal*, which came on the street in 1964 and today has a circulation of 48,350 and its companion paper, *Le Journal de Québec*, which begain in Quebec City in 1967, and has a circulation of some 20,000.

In all, a total of thirty papers have been started in Canada since 1957, and, with the exceptions already noted, they have been started in smaller communities lacking an existing daily, often as a result of a growth of population making it feasible to transform a weekly newspaper into a daily newspaper. Of those thirty newspapers that were started, twelve subsequently ceased publication. During the same period, five other previously established dailies passed out of existence, including such newspapers as the Montreal *Herald*, the Vancouver *News-Herald*, *La Patrie*, and Quebec *L'Événement Journal*.

In a discussion paper in an issue of the *Anti-Trust Bulletin*, Charles D. Mahaffie, Jr., Chief of the General Litigation Section of the Anti-Trust Division of the U.S. Department of Justice, applauded the development of the new competition in some metropolitan centres from the growth of suburban or community dailies:

> I think that one of the most important jobs facing the Anti-Trust Division is to see to it that this trend continues. In the area of newspaper mergers, we are and will continue to be particularly concerned with mergers which may eliminate the actual and potential competition afforded by the suburban, small-city and community newspapers.

In Canada, the owners of some metropolitan dailies – most notably of the Toronto *Star* and of the *Telegram* – have clearly moved to head off, if possible, the development of the kind of competition from suburban and community papers that has become such a notable feature of the newspaper industry in the United States. Through Inland Publishing Co., the Telegram Corporation Ltd. wholly owns seven weekly newspapers around the Toronto area with a total circulation of nearly 100,000, equivalent to 40 per cent of the *Telegram*'s daily circulation. These papers (circulation in parentheses) are: *Bramalea Guardian* of Brampton (12,000); Burlington *Post* (19,850); Mississauga *News* (24,119); Newmarket *Era* (8,158); Oakville *Beaver* (16,200); Stouffville *Tribune* (6,106); Ajax-Whitby *News Advertiser* (11,000).

The Toronto *Star* last year revealed that it has had an interest in fourteen weekly newspapers in and around Metropolitan Toronto for some years. The disclosure was made at the time the *Star* announced that it was taking over full ownership of the Oakville *Daily Journal-Record*, and the *South Peel Weekly* of Port Credit, in which it previously shared ownership on a fifty-fifty basis with the Thomson Group. At the same time, the *Star* disposed of the half-interest it previously shared with Thomson in the Brampton *Daily Times and Conservator,* a daily newspaper, and the Georgetown *Herald,* a weekly. The net result was to leave the *Star* with controlling interest in eleven weeklies and the Oakville daily. The circulation of the Oakville daily paper is 7,792. The weeklies (circulation in parentheses) are: Aurora *Banner* (5,143); Burlington *Gazette* (9,085); Etobicoke *Advertiser-Guardian* (4,900); The Lakeshore *Advertiser* (approximately 10,000 as reported by the *Advertiser*); Mississauga *Times* (13,202); Toronto *Mirror* with its

two editions, the North York edition (53,512) and the Scarborough edition (37,992) (total 91,434); Richmond Hill *Liberal* (7,435), Weston-York *Times* (4,149); Willowdale *Enterprise* (13,472) and Woodbridge and Vaughan *News* (3,010). The combined circulation of these weeklies amounts to 161,800 with the Oakville daily bringing the total circulation of suburban and community newspapers controlled by the *Star* to about 170,000, almost 44 per cent of the total circulation of the *Star* itself, the largest newspaper in Canada.

Announcing the transaction involving Thomson, Beland Honderich, President and Publisher of the *Star*, said that the acquisition of the two papers was in line with the company's established policy of investing in the development of suburban community newspaper. "What we needed to find was some way to provide detailed local coverage that would complement the metropolitan, national and foreign news in the Daily *Star*" he said. "We decided that the answer was to move directly into suburban areas and provide capital to establish local newspapers to develop and improve their news coverage." Mr. Honderich took pains to emphasize the editorial independence of each of the newspapers: "In each case, these newspapers are edited by and for the people resident in the suburban communities, and we are now considering the practicability of establishing local boards of directors to supervise the editorial operation of each newspaper."

In addition to acquiring newspapers in surrounding communities that form part of its major market area, the Toronto *Star* has also been experimenting with a special zone edition of the newspaper that is aimed at holding, if not increasing, the circulation of the daily in that area.

Through its Fairway Press Division the Kitchener-Waterloo *Record* owns six weeklies in surrounding communities. They are the Elmira *Signet*, the Fergus *News-Record,* the New Hamburg *Independent,* the Preston *Times,* the Hespeler *Herald,* and the Waterloo *Chronicle.* Their combined circulation is almost 25,000.

The Restrictive Trade Practices Commission maintained in its report on Pacific Press that a further decline in the number of independent dailies would be prejudicial to the public interest. At the same time, the Commission welcomed the trend as it had developed to that point:

> To serve the public in the way we consider the public should be served, a newspaper must reach a large public and bring to it news and views of comprehensive nature on a world-wide scale. A daily of this character must be a newspaper of many pages with extensive sources of information and a well-balanced editorial staff. To pay for the news and other ingredients of a large daily paper and bring it to a wide public at a price the public can and will pay, the publisher needs large revenues from advertising, which are dependent upon a large circulation. To print a large newspaper every day for a wide circulation requires. . . heavy capital investment in plant and machinery. Big newspapers with big circulation in the larger cities, with a corresponding decrease in the number of dailies, are not only inevitable but desirable in providing the type of newspaper required in our present circumstances.

There are massive economies to be gained from large-scale newspaper operations. In the major metropolitan centres, economic viability is related in an important way to the scale of operation and the competitive conditions that exist. This is not to deny, however, that in a number of less populous communities there are many smaller newspapers today that are financially sound, particularly if – as is usually

the case – they face no other daily newspaper competition. While there are evident economies of scale in the operation of a single newspaper, it is far less clear that substantial economies result from the multiple ownership of any type of newspapers by a single group.

Given the more stringent financial circumstances facing smaller dailies because of their inability to obtain the full advantages of the economies of scale, it can be argued that group control provides important offsetting advantages. The combined operation of such a group may make available common news services at a price well below what each paper would otherwise be compelled to pay. Each paper may gain a price advantage through the bulk purchase of supplies, as well as provide an agency for soliciting national advertising that otherwise might be unavailable to papers of that size. Collectively, they may acquire an access to capital that would never be available individually.

Perhaps most important of all, the head office of a group of this nature is in a position to provide to each paper expertise in management that in such an operation can be particularly crucial, spelling the difference between profit and loss.

But a critical question that deserves serious consideration is whether group ownership of a large metropolitan daily is necessary because of compelling financial and economic considerations, and whether it provides any decisive advantages in the form of improved services to the public. Because of its size and financial capacity, such a paper is generally in a position to maintain a competent management of its own without being forced to look to the headquarters of a group for executive expertise. Nor is there any evidence that a large, independently owned newspaper is likely to lack reasonable access to capital on acceptable terms, or to be at any marked disadvantage in the acquisition of supplies or equipment.

At the same time, it must be acknowledged that if one independent newspaper in a community has been taken over by powerful group-interests, there may be compelling reasons for the owner of a competing independent to sell out to another group. This is particularly true if the latter is already in a weak position, making the owner fearful of being driven to the wall because of the very large resources that might now be mustered by the new owners of the competing daily. Past experience suggests that major group-owners of newspapers competing in the same community tend strongly to reach an early *détente.*

It might be argued that larger newspapers that form part of a group are able to secure important economies through their access to a common source of news, such as that available to member papers from Southam News Services. It appears significant, however, that there is relatively far less pooling of news resources by F.P. Publications. F.P. Publications for example, does not maintain a common news service for the coverage of parliamentary and government affairs in Ottawa. Although office space is jointly shared in the National Press Building, correspondents of each of the F.P. Publications dailies primarily serve their own newspapers – an arrangement that recognizes the different news requirements of each.

In this context, the rationale advanced by the directors of Southam Press in 1968 for the two acquisitions set in motion that year is of some interest:

> The addition of the Montreal *Gazette* and the Owen Sound *Sun-Times* to the company's group of newspapers will strengthen our operations in a number of ways. First, both papers have been competently managed for some years by teams of men who have joined Southam as willing supporters of the ownership changes. Second, both papers will be using and helping to pay for the company's joint advertising and news services; these, in turn, will be expanded and improved. Third, the *Gazette* gives the company and all its newspaper people a direct link with the intricate and vitally important national unity crisis that centres in the Province of Quebec. Your directors hope that an increase in understanding of national problems of executives of the company spread from Quebec to British Columbia will result from the normal contacts between our newspaper divisions.

BROADCASTING

Many of the considerations about scale of operation and multiplicity of ownership of daily newspapers are considerations in the field of broadcasting. A number of smaller radio and television stations are financially precarious operations, and may gain particular benefit – both in financial terms and in terms of the service they are able to provide – through group ownership or other co-operative arrangements. At the same time, many of the larger radio and television stations are highly profitable as independent operations, and under today's conditions very viable economically.

A number of factors that enter the broadcasting picture, however, are not present, or at least not to the same degree, in combined newspapers and broadcasting operations. Informed and experienced broadcasters argue with some force that considerable economic benefits are to be derived from the common ownership and operation of a radio and a television station. Many overhead costs may be spread out over both enterprises, such as accounting, engineering, administration, and purchasing. Extensive joint use may be made of personnel in both operations, which makes it possible to obtain more qualified staff members at lower cost than would otherwise be the case. These considerations are of greater importance for smaller broadcasting operations than larger ones.

To what extent present economic conditions will continue to prevail, however, is an open question. Both the former and present chairmen of the regulatory authority over broadcasting have emphasized the advantages which they consider to flow from large group-owned operations.

Stuart W. Griffiths, President and Managing Director of Bushnell Communications, strongly argued this position when he appeared before the C.R.T.C. at its Vancouver hearing in October 1969, to support multiple ownership of CTV affiliated stations: "Looking at Canadian broadcasting in all its manifestations, we see growing an inescapable pressure towards amalgamations of various kinds."

As noted earlier, Mr. Griffiths acknowledged that not all kinds of amalgamations should be regarded as acceptable, particularly if they resulted in a reduction of choice; where motivated only by profit without any commensurate increase in service to the public; or involved an extension of mixed-media ownership:

> But most broadcasters whose interest is in making a profit by improving their service, will have to turn to amalgamations of some kind in order to achieve their

objectives. The economic survival of small stations is already in jeopardy with the increased costs of programming due to higher standards and higher expectations from the audience, including the expectation of colour.

Larger stations face a larger number of pressures towards joining with other stations. The demands for improved technical and program production standards are greater. They move inevitably into increased community involvement. They must deal with the program needs of cablecasting. The exigencies of mobilizing blocks of Canadian capital large enough to lead to substantial development of broadcasting in this country, and the economies that inevitably derive from a larger base of operations all point to amalgamation.

The widespread installation of cable television, increased programming by cable television systems, and their ultimate introduction of commercials – all could conceivably have an adverse impact on smaller television stations, particularly those that lack the resources to adjust to radically changed conditions.

The introduction of new competition from establishment of an alternate Canadian station in a community is another variable element in the whole economic picture. Second stations have been established in a number of centres of Canada, and virtually all of those in the larger cities appear to be in a sound financial position, although this is less true generally of stations in smaller cities. In a city such as Lethbridge, with a population of around 37,000, two of the major broadcasting enterprises – Selkirk Holdings and Maclean-Hunter – are confronted by financial problems despite the fact they share facilities for operation of stations that serve partially as relays for their primary outlets in Calgary. The situation can become very much more difficult for an independent station owner operating in a relatively small community if his market becomes divided as the result of the installation of a satellite transmitter to relay the broadcasts of another and larger Canadian station based in a major city.

One alternative that has been suggested in such a situation is that the local television broadcaster be allowed to operate two transmitters, one broadcasting the network programmes of the CBC and the other of CTV. During non-network time, however, the station would broadcast only its own programming and commercials to the area it serves. But some authorities within the industry argue that most small, independent broadcasters lack the resources to finance such an undertaking. The only alternative they consider practical is for one of the major groups to establish such a "twin-stick" operation or for the large stations operating in the nearest metropolitan city to extend CBC and CTV network programming through installation of their own partial satellite stations, each originating only a limited amount of local programmes.

WIDER CONSIDERATIONS

While the pressures towards amalgamation about which Mr. Griffiths spoke undoubtedly exist, it is difficult if not impossible to determine in any precise way the extent to which they stem from the cold logic of economics and technology, and to what extent they stem from other factors discussed in the following section. In the end, it may be possible to do no more than arrive at a judgment based more on instinct than on hard facts. Even then it is necessary to bear in mind the importance of other, non-economic factors, that affect our society in an important way.

Even assuming for the sake of argument that a case could be made for the common ownership of a number of outlets in each of the media of mass communications, other important questions would remain. What justification can be advanced for the common ownership of newspapers and broadcasting stations? Our inquiry does not provide any evidence that there are substantial or even significant economic advantages to be derived from mixed media ownership and, indeed, one owner of a daily newspaper and radio and television stations in the same community readily acknowledged as much privately during the course of an interview. Although quality of media content has not entered into our considerations, it seems equally open to question whether mixed media ownership leads to any significant improvement in the service offered to the public by either medium.

Many of the same issues relating to groups whose business is confined to the mass media might also be raised in connection with the media interests of conglomerates having extensive financial interests in a number of other industries. But another important question arises in the case of conglomerates that involves the public interest in a vital way.

It is apparent that it is possible in the communications media for conglomerate owners to be employed – either directly or indirectly – to further or protect the other interests of the conglomerate. In Canada, there are a number of such conglomerates with extensive interests in the mass media. In some instances, particularly in the case of conglomerates made up of a number of private companies, the extent of these non-media interests is not even fully known, with the result that the public has no way of discerning if or when "an axe is being ground."

The following examples are only illustrative of the potential for conflict of interests and are not intended to imply that related media and non-media interests are improperly used.

M. Paul Desmarais of Montreal owns over 80 per cent of Gelco Enterprises Ltd. which in turn owns *La Presse,* the largest French-language daily in Quebec, and owns 46.6% of Trans-Canada Newspapers Ltd., which publishes three French dailies and a number of weeklies. At the same time, M. Desmarais owns 35.6 per cent of Power Corporation of which he is Chairman and Chief Executive Officer. Power Corporation has widespread non-media interests, including Shawinigan Industries Ltd., Canada Steamship Lines Ltd., Imperial Life Assurance Company, Dominion Glass Company Ltd., Show Mart Inc., Blue Bonnets Raceway Inc., Chemcell Ltd., Laurentide Financial Corporation Ltd., and Argus Corporation (which itself is a holding company with other extensive industrial interests that also controls Standard Broadcasting Corporation Ltd). Power Corporation also has a significant holding in the Investors Group, which in turn holds shares in virtually every sector of the Canadian economy. Argus, which among other broadcasting holdings controls radio stations CFRB (Toronto) and CJAD (Montreal), has extensive interests in B.C. Forest Products, Dominion Stores, Domtar, Hollinger Mines, and Massey-Ferguson.

One of the most diverse conglomerate operations is that controlled by K.C. Irving of New Brunswick, who also has extensive newspapers and broadcasting

holdings in the province. In the case of most of the non-broadcasting properties, the full extent of the Irving interest is unknown. The section of this report dealing with the Irving holdings, however, contains a list of all the provincial and inter-provincial companies registered with the New Brunswick Provincial Secretary in which Mr. Irving or members of his family are listed as officers and/or directors. These include oil refining, service stations, machinery, pulp and paper, shipping, highway transportation, construction, mining, fishing, lumber, and dry dock facilities.

The McConnell family, which through Commercial Trust Co. Ltd. controls the Montreal *Star* and Montreal Standard Publishing Company, which publishes *Weekend, Perspectives* and *Perspectives/Dimanche,* and which has applied to the C.R.T.C. to purchase Cable TV Ltd. in Montreal from Famous Players, has indicated non-media interests in SLSR Ltd. (previously St. Lawrence Sugar Refineries Ltd.), Aero-Hydraulics Corp., Canada Cement Co., and Belding-Corticelli Ltd.

James Pattison, who controls radio station CJOR (Vancouver), also controls Neonex International Ltd., a recently-created conglomerate with interests in a supermarket chain, a paint company, a finance company, distribution of sporting goods and equipment, a magazine and paperback distributing company, a large trailer manufacturing company, two trucking firms, a helicopter charter service, a large General Motors dealership, a sign company, a major floor-covering distributorship, and a milling and food products enterprise.

Through the Telegram Corporation Ltd., the Bassett-Eaton interests control CFTO-TV (Toronto), the *Telegram* of Toronto, Glen-Warren Productions Ltd. – which produces shows and commercials for television – and Israel Canada Productions (based in Tel Aviv) which produces 80 per cent of Israeli television. The Telegram Corporation also owns seven weekly newspapers through its subsidiary, Inland Publishing Co. Ltd. Another subsidiary of the Telegram Corporation Ltd., the Telegram Publishing Co., holds 19.7 per cent of the common shares of Maple Leaf Gardens Ltd. and 31 per cent of the common shares of Argonaut Football Club Ltd. The non-media interests of the Eaton family are very extensive. According to the D.B.S. report on intercorporate ownership as of 1965, they include Eaton's (Canada) Ltd., The T. Eaton Co. Ltd., Berkley Contracting Ltd., Eaton Centre Ltd., T. Eaton Acceptance Co. Ltd., T. Eaton Drug Co. Ltd., T Eaton House Furnishings Co. Ltd., T. Eaton Realty Co. Ltd., Franklin Manufacturing Co. Ltd., Greenwich Canadian Co. Ltd., Guelph Stove Co. Ltd., International Realty Co. Ltd., Mace Development Ltd., Spencer David Ltd., and Trail Mercantile Co. Ltd.

RKO Distributing Corp. (Canada) Ltd. owns two radio stations in Windsor which are subject to divestiture under the foreign ownership regulation. This company is controlled by RKO General Inc. of the United States which in turn is controlled by the General Tire and Rubber Co., a leading American conglomerate. RKO Distributing also controls Fleetwood Corp. in Canada according to the D.B.S. record of inter-corporate holdings for 1965. Among other interests in this country, General Tire owns the General Tire and Rubber Co. (Canada) Ltd.

Famous Players Canadian Corporation Ltd., which is in the process of divesting itself of widespread holdings in the broadcasting and cable television field to

comply with foreign-owner restrictions, has long had extensive interests in other fields. It is the largest owner and operator of motion picture theatres in Canada and has interests in bowling centres, confection distribution, hotels, and the Ontario Muzak franchise.

The principal shareholders and officers of F.P. Publications Ltd., whose daily newspapers have the largest combined circulation of any group in Canada, have widespread financial interests in other non-media areas. They are G. Maxwell Bell, Chairman, and R. Howard Webster, Deputy Chairman of the Board of Directors. The extent of their non-media interests is not known with any precision. However, Mr. Bell, who is understood to have extensive holdings in the petroleum industry, is listed in the Directory of Directors for 1968 as a member of the boards of The Jockey Club, Canadian Pacific Railway Co., The Bank of Nova Scotia, and Northern Electric, as well as those of a number of newspapers that form part of the F.P. group. Mr. Webster is listed as chairman of The Globe and Mail Ltd., Windsor Hotel Ltd., Lord Simcoe Hotel Ltd., and the Penobscot Building, Detroit, and president of Detroit Marine Terminals, Inc., Canadian Fur Investments Ltd., Durand Corp. and Annis Furs (Detroit). He is also a director of Sun Publishing Co. Ltd., which forms part of the F.P. group.

Without further belaboring the obvious potential for conflict of interest that can arise within conglomerates with media holdings, it may be worth recalling that for some years it has been the expressed policy of Southam Press to maintain no financial association with enterprises outside the communications field. Officers, editorial personnel, and other key employees of the company are also expected to remain free from political and other outside activities if they "might influence or appear to influence the editorial freedom or independence of any of the company's publications."

THE URGE TO GROW

If most of the larger Canadian dailies and, equally, most of the larger radio and television stations are at present capable of being economically viable as independent operations, the question then arises why there has been such a marked trend toward their absorption by large groups. The answer may have been provided in part years ago by Roy Thomson: the normal human spirit of acquisitiveness. "I am in the business of making money and I buy more newspapers in order to make more money to buy more newspapers to make more money to buy more newspapers. . ." he once declared.[7]

In 1965 (when this remark appeared), Lord Thomson was estimated to control more than 100 newspapers, 200 magazines, twenty-five printing companies, seventeen television stations, twelve radio stations, two book publishing companies, two airlines, and a number of other interests.

In *The First Freedom,* Bryce W. Rucker observed:

> America's large publishers, despite inflated production costs, are riding their non-competitive newspapers to ever higher profits during these prosperous times.

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[7] Page 321, Roy Thomson of Fleet Street, by Russell Braddon. New York: Walter, 1965.

> Their lavish incomes stake them to more monopoly papers, which further enrich them. If you doubt the formula, listen to William Randolph Hearst, Jr., editor-in-chief of Hearst newspapers. He said that if one were to merge independent morning and evening papers which earned $100,000 a year, the profits under monopoly ownership would be $500,000. Is it any wonder chain operators try to drive competition out of business? Or that. . .few competitive dailies remain?

Among the groups, whether public or private, there is a strong and deep-seated compulsion toward constant growth and expansion.

In the annual report of 1968 of Selkirk Holdings Ltd., already one of the largest broadcasting groups, President J.S. MacKay noted that the company continued its policy of acquisition because, "While we recognize the importance of a continuing review of our holdings, we also recognize the necessity of Selkirk continuing to grow in order to maintain our position as a leading publicly owned broadcast communication company."

In the annual report, of 1969, Mr. MacKay stated: "A basic policy of your company is to pursue a balanced diversified expansion of its investments with due regard to the public interest as expressed in legislation and interpreted by the Canadian Radio-Television Commission."

To provide for its own future growth, another major public broadcasting company, CHUM Ltd. announced in September, 1969, that it was seeking shareholder approval at a special meeting of an extensive reorganization of the capital structure in order to facilitate the company's expansion plans.

The propensity for growth was also underlined in the statement of President Donald F. Hunter to Maclean-Hunter shareholders in the annual report of 1969. He wrote:

> Your company set new records in revenue and income during 1969, with virtually all divisions and subsidiaries contributing to the increases. These results are particularly gratifying after the slow-down in 1968.
>
> Revenue increased to $58,500,000 from $47,669,000 and consolidated net income to $3,335,000 (83.4¢ per share) from $1,946,000 (48.7¢ per share) in the previous year.
>
> *Maclean's* magazine, which began 1969 with its new, standard magazine page size, showed an increase of 25% in total number of advertising pages . . .
>
> *Chatelaine,* for the first time in history, recorded press runs of over one million copies in every month . . .
>
> The general outlook for Maclean-Hunter business publications is healthy and encouraging. . .
>
> Careful attention is being given to the new technologies of communicating business information so that when they become practical they can be utilized as an extension of our existing services.
>
> In the printing division . . . we are continuing to expand out facilities. . .
>
> A major step taken during the year was the refinancing of our community television antenna operations with the public issue of debentures and stock in Maclean-Hunter Cable TV Ltd., with your company retaining control with 60.4% of the common shares.
>
> A total of $14,520,000 was raised through the arrangements which were completed in January 1970, and after paying off the substantial bank loans which have been necessary to finance our cable TV expansion to date, there was a cash surplus of about $3,200,000. This is being used to complete the new systems we are developing in the Toronto and St. Catharines areas in the next two years.
>
> The major additions to our Cable TV operations during the year were the purchase of systems in Hamilton, London and Peterborough, and the approval of new licenses for the city of St. Catharines, the towns of Ajax, Pickering and

Streetsville, and certain areas in the Township of Mississauga, near Toronto. Maclean-Hunter Cable TV Ltd. now has 90,000 subscribers in seventeen systems in Ontario and we anticipate that it will generate a good return over the long term. At the same time, we will be watching with interest the pronouncements of the Canadian Radio-Television Commission with regard to the content of programming, microwave distribution and the possibilities of advertising on Cable TV.

While part of this growth and expansion of the group media owners may take the form of establishing new services, their future appears to rest heavily on the acquisition of existing media outlets either from independents or other groups. It seems evident that the consequence of such acquisitions can only be the continued concentration of media ownership during the coming years.

As later sections will indicate in more detail, there are a number of other factors that serve to facilitate this development in varying degrees. The federal regulations restricting foreign ownership of broadcasting stations, for example, may be desirable in themselves, but the forced divestiture of foreign-held shareholdings is resulting in a substantial proportion of these interests being gathered into the hands of already large Canadian groups, particularly those that are public companies. It has been estimated by some knowledgeable authorities that around $100 million in broadcasting assets will be forced on the market by the foreign-ownership provisions.

Concern among many independent owners about the consequences of succession duties, while not necessarily founded on fact, appears to have provided a significant incentive to sell. A further incentive to sell has developed in recent years from a desire to avoid the impending imposition of capital gains taxes feared by many media owners.

Quite apart from any innate instinct for growth, the income tax also appears to provide a substantial incentive for groups to become eager buyers in the marketplace. *Proposals For Tax Reform,* the federal government's White Paper on Taxation made public in November, 1969, outlined the nature of the encouragement provided by the present tax structure:

> If a corporation which earns a large profit distributes that profit to its shareholders, the present system classifies those distributions as income and levies an income tax on them, just as it does on wages and salaries. On the other hand, if the corporation does not distribute the profits the value of shares in the corporation will almost certainly increase. If a shareholder realizes on his share of that increase by selling his shares at a profit, the present system usually classifies that profit as a capital gain and it is tax-exempt.

Many of the media groups generate substantial profits from their operations. For example, one of the largest, Southam, reported net income after tax in 1969 of $8.07 million, up $450,000 from the previous year. This represented 15.3 per cent of total assets and a profit of $.077 on every dollar of operating revenue. Out of net income of $8.07 million, Southam paid out $4.18 million in dividends and charged an amount of $5.49 million against retained earnings, representing the excess of cost of properties acquired during the year over the value attributed to their net tangible assets. This reduced consolidated retained earnings at year-end, 1969, to $27.9 million from $29.5 million at year-end, 1968.

The Southam annual report of 1969 notes that:

> New records were established for revenue and profits; the former exceeding $100,000,000 for the first time . . . Although operating revenues increased 33.5 per cent, inflationary pressures on wages and material costs produced a 37.2 per cent rise in operating expenses. The end result was a 13.3 per cent increase in profits before capital losses.

The net profit of the company, from which the retained earnings were derived, represented the balance left from earnings after the payment of federal and provincial corporation taxes. The dividends paid in cash, $4.185 million, were, of course, liable to personal taxation in the hands of the shareholders. The retained earnings, however, were not liable to further taxation so long as they were not paid out as dividends. They might, however, be used to purchase additional newspapers or other assets. The management might well have every reason to hope and expect that in time these new acquisitions would contribute to an appreciation of the capital value of the company, which in turn would produce a tax-free capital gain in the value of the shares owned by its stockholders. The same effect might be achieved by acquiring new assets in whole or in part through the distribution of company shares to the seller, the amount of cash involved in the transaction being reduced commensurately.

The issue is more than academic, since the newspaper industry generally has a substantial volume of retained earnings ready for profitable investment.

In its annual report of 1967, Southam said that it had acquired a substantial minority interest (49 per cent) in the Brandon *Sun* at a cost of $586,000. The company's investment in Selkirk Holdings was increased by 77,000 class A shares to a total of 257,000, partly by purchase in the open market and partly by the exchange of Southam's 20 per cent interest in Calgary Television Ltd., for Selkirk shares. In November, 1968, the company acquired a 50 per cent interest in Greater Winnipeg Cablevision Limited. "The funds necessary to finance the company's capital expenditures and investments were provided mainly by retained earnings and depreciation," the directors reported. Despite these acquisitions, working capital of the company increased that year by $1.289 million.

The annual report of 1968 noted that early in 1969 Southam completed the purchase of the Owen Sound *Sun-Times* for $950,000 in cash. The Gazette Printing Company Limited comprising the daily newspaper and a weekly which it owned, were acquired for $3.710 million in cash and 100,000 Southam shares, which, at the then-current market price, would have been worth approximately $6.0 million.

On May 1, 1969, Southam purchased the *Citizen,* a daily newspaper published in Prince George with a circulation of approximately 12,000, for $2 million. The Southam annual report of 1969 noted that: "The funds for these acquisitions and for the additions to plant and equipment were provided from operations, by bank credit and by the issue of 100,000 common shares [as partial consideration for the *Gazette* purchase]. Working capital at year end was $4,626,000, down $557,000 on the year, but adequate for our requirements."

In the view of a number of senior management officials, public companies, particularly those with shares listed on one or more of the major stock exchanges, often enjoy a significant advantage over private groups in bidding for the purchase of existing media outlets. They point out that in relation to current earnings, the

shares of a publicly-listed company are usually valued at a considerably higher multiple than that commanded by the shares of private companies. The *Financial Post's* Corporation Service estimated the market value of the outstanding shares of Southam Press as of April 25, 1969, was 25.1 times current earnings. It has been suggested to us that a price/earnings ratio of 10/15 would be a reasonable norm for private companies.

One senior executive, whose company is in the process of disposing of substantial interests in broadcasting and cable television, contended that public companies were usually able to outbid private companies for facilities being offered for sale because of this important difference in the multiple of price to earnings. By way of illustration, he pointed out that a private company whose own shares were likely to command no more than ten to twelve times earnings if they were offered for sale would be extremely reluctant to pay a price that would represent a significantly higher multiple for a new acquisition. On the other hand, a public company whose shares were traded at a multiple of, say, twenty times earnings would have no hesitation in paying a price that represented eighteen times the current earnings of the asset being purchased because the effect would be to improve its own relative earnings position. It is this kind of arithmetic that has accounted for the upsurge of many public companies, particularly the mammoth conglomerate corporations that have sprouted on both sides of the border.

In addition to the increasingly dominant position assumed by a number of groups individually in the field of mass communications, there appears to be an emerging trend toward the development of common interests between various major groups.

This is evident in the eight-year partnership of the Thomson group and the Toronto *Star* in the ownership of a limited number of small daily and weekly newspapers, recently abandoned, and the closely intertwined interests of Southam and Selkirk. It was reflected also in the proposed partnership of the Bassett-Eaton and Maclean-Hunter interests attempting to purchase the RKO television station in Windsor, and in the long-standing common interest of Southam and F.P. Publications in the Vancouver *Sun* and *Province*.

The joint venture launched by the Toronto *Star* and Southam in forming Southstar Publishers Limited, which publishes and distributes the *Canadian* and *Canadian Homes* to thirteen papers as weekend supplements and also sells the *Canadian Star Weekly* on newsstands, is another example.

If additional evidence of this trend were required, it was furnished by the announcement, in 1969, that the Southstar papers would henceforth be printed by the Montreal Standard Publishing Company in Montreal. Montreal Standard publishes *Weekend* and is a direct competitor of Southstar in the weekly supplement field. The two competitors also joined forces to form MagnaMedia Limited, a new company whose function is to sell advertising for the publications of both companies.

CONCENTRATION, COMPETITION, AND THE ROLE OF GOVERNMENT

The first newspaper established in Canada (the Halifax *Gazette,* founded in 1752) was forced to close its doors in 1766 when the displeased government of the day withdrew its patronage. Since those early days, governments have become considerably more chary of dealing in such a high-handed way with newspapers. Certainly there has been no inclination displayed by any modern-day ministry to interfere in the accelerating concentration of daily newspaper ownership. The only instrument of policy available for such intervention, even if only in a limited way, might have been the Combines Investigation Act. As suggested earlier, and discussed at greater length later, this statute has played no part in stemming the tide.

For a number of years, however, the federal government had the power to control the extent of ownership concentration in the broadcasting industry, and the extent of mixed-media ownership, through its authority to issue operating licences. While the ultimate control rested in the hands of the government, the regulatory authority, first the CBC and later the B.B.G.,was in a strong position to influence policy through its recommendations to the Cabinet. With the exception of a residual authority relating to the CBC, the C.R.T.C. is now vested with the power to control the licensing of broadcasting operations.

As the former chairman indicated in his testimony to the Senate Committee on Transport and Communications, the B.B.G. was not unduly concerned about the degree of ownership concentration in broadcasting, nor about mixed-media ownership. In the White Paper on Broadcasting of 1966, however, the federal government for the first time voiced its own misgivings about this trend and this concern has been reflected to a greater degree in the statements of the new regulatory authority.

In its annual report for 1968-69, the C.R.T.C. outlined various cases in which it had touched upon the question of ownership concentration throughout the year:

> Internally, the C.R.T.C. has been investigating ownership and control through the analysis of the corporate structure of broadcasting corporations. The continuing studies provide necessary background information and guidelines in considering applications and licensing of radio, television and CATV operations. Studies conducted in this area include analyses of ownership and control of licensee companies and of companies that control licensee companies. These studies are not restricted to the Canadian practice. There is also a concern for foreign ownership. Comparative studies of the regulation of ownership, control and support in the United States and the United Kingdom have also been initiated.

The C.R.T.C. has not reached any definitive conclusions about the nature of its approach to the problem of ownership concentration. Nor, given the character of its pronouncements and actions to date, does it appear that the C.R.T.C. will quickly arrive at a generally applicable policy. It continues to examine each situation on an *ad hoc* basis.

The C.R.T.C. has continued to enforce one of the few policies of the B.B.G. relating to ownership concentration, namely that of refusing to approve multiple holdings of AM radio stations broadcasting in the same language in the same community.

The Commission has reconsidered the policy adopted by the B.B.G. in March, 1966, of prohibiting multiple interests in CTV-affiliated stations, other than those existing at the time. The factors resulting in this policy issued in December, 1969, are important.

The B.B.G. directive stipulated:

> It will be the policy of the Board not to approve (a) any transfer of shares referred to it which would result in one person holding shares directly or indirectly in more than one company licensed to operate an affiliated station; or (b) any arrangement subsequent to this approval whereby any person may in any other way, participate in the control or management of more than one company licensed to operate an affiliated station.

Notwithstanding this policy, control of CJCH-TV in Halifax had already been allowed to pass from the hands of Finlay MacDonald, a local resident, to that of CTV Atlantic Ltd., in which the CTV network had a 50 per cent interest, at the time the C.R.T.C. came into existence. Through a decision announced on March 21, 1969, the Commission approved an application which had the effect of authorizing the CTV network, which is controlled on an equal share basis by each of the affiliated stations, to increase its interest in CJCH-TV to 75 per cent.

The C.R.T.C. offered the cryptic explanation that it approved the share transfer "because it appears to be the most practical solution in the interest of the station's performance and the network at this moment." The Commission added that it would be "interested in the methods used by the licensee to ensure community participation and safeguard community interests." Similar expressions of interest in maintaining community participation have accompanied a number of other C.R.T.C. decisions approving the complete takeover of local financial holdings by major broadcasting groups.

As a condition of the CJCH share transfer, the Commission stipulated that the stock of the Halifax station in the CTV network should not be voted. It further provided that Mr. MacDonald would represent the station on CTV's board of directors "and that he will discharge his duties independently in the interests of the Halifax TV station."

Given the fact that Mr. MacDonald's share interest had been reduced to a nominal position, the responsibility imposed on him would appear to be at odds with the realities of corporate power.

On July 23, 1969, the C.R.T.C. announced its intention to reconsider the policy concerning ownership of shares in affiliates of the CTV network established by the B.B.G. At the same time it authorized Selkirk Holdings and the Western Broadcasting Co. to acquire all the shares of Canastel Broadcasting Corporation. Canastel, in turn, owned a substantial minority of the shares of British Columbia Television Broadcasting Systems, operator of CHAN-TV in Vancouver – a CTV affiliate – and CHEK-TV in Victoria – a CBC affiliate.

Both Selkirk Holdings and Western Broadcasting have a strong minority interest in British Columbia Television. The effect of the decision, therefore, was to give them a significant minority interest as well in a second CTV affiliate, CJCH-TV.

Having approved this move, the Commission filed the *caveat* that it would defer a decision on the disposal of the shares owned by Canastel in CJCH Limited until

after its review of the B.B.G. policy on multiple ownership of the network. This reservation, however, clearly failed to cover the breach of the former B.B.G. policy.

The C.R.T.C. explained that it was reviewing the B.B.G. directive because "recent developments in broadcasting, such as the extension of second English-language television service and the Order-in-Council on foreign ownership, have brought about several applications which relate to this policy established by the Board of Broadcast Governors."

In October, 1969, at the C.R.T.C. hearings in Vancouver, opportunity to express opinions on CTV multiple ownership was given to broadcasters. Reference was made earlier to the arguments in favour of dropping the blanket rule against multiple ownership of CTV affiliates advanced by Stuart Griffiths, the Bushnell spokesman. Bushnell Communications had at the time applied for C.R.T.C. approval of the purchase of CFCF in Montreal, three other television and four other radio stations owned by the Thomson and Davies interests. Bushnell already owned CJOH-TV of Ottawa.

During his testimony, Mr. Griffiths made a point of denying press reports that Bushnell's purchase of these stations, together with a number of cable television companies, represented part of a power struggle with the Bassett-Eaton interests, who through CFTO-TV in Toronto have a major stake in the financing and programming of the network. However, he left open the possibility that the move could portend a struggle in other areas, since he suggested that cable television was "rapidly overtaking the two networks now."

E. A. Goodman, representing the Bassett-Eaton broadcasting interests, agreed with Mr. Griffiths that the Commission should consider the ownership of CTV affiliated stations on the merits of each case: "We submit there are advantages to allowing certain larger groups to grow up in broadcasting in Canada." While asserting that the Bassett-Eaton Group had no present negotiations for the acquisition of an interest in another CTV station, he acknowledged that it was negotiating for the purchase of two television stations affiliated to the CBC network.

Mr. Goodman advanced these arguments in support of multiple CTV ownership:

> The first is that if CTV is to effectively compete both with its American competition and with the Canadian Broadcasting Corporation, it is essential that the network maintains a national outlook with an ever-increasing degree of program excellence. This can best be achieved by allowing national growth in those broadcasting groups which have significant investments in Canadian broadcasting. At the present time, almost 60 per cent of the households that receive the CTV signal are also able to receive a signal from at least one, and often two or three, American networks.
>
> The percentage of CTV households that receive the CBC signal is, of course, almost 100 per cent. This requires CTV to expend significant sums of money both in the production and in the purchase of program packages. The history of the network is that those stations that have the most resources are both willing and able to spend larger sums on programming, even on a pro rata basis.
>
> The next argument is that allowing certain broadcasting groups to have either regional or national holdings will not denigrate from the standard of local coverage that is given by their individual stations but will increase it. We believe that an examination of the news, public affairs and community service provided on a local basis will show that the stations with more resources are just as interested in doing local broadcasting as smaller stations and more able to do so.

If Canadian programs are to compete with the best American programs, it is necessary that the programs produced be of international stature with international sales. This again requires large resources. The allowing of larger broadcasting holdings will facilitate higher standards of production and will assist not only the broadcasting industry but individual Canadians in the industry. Under the existing corporate structure of CTV, there is available the means to allow legitimate expansion of broadcasting interest and still offer protection to the smaller stations of the network and prevent control being assumed by any one group or combination of groups.

Two reservations about a change in the B.B.G. policy were filed with the C.R.T.C. Central Ontario Television Ltd., which owns CKCO-TV in Kitchener-Waterloo, a CTV affiliate, contended a company with an interest in one affiliate should be permitted to hold a minority interest in another, but not to exercise control or management of more than one network station.

While the CTV network operated on the principle of "one station, one vote," experience had suggested that some votes were more equal than others, the company said. Those stations that carried the largest share of the financing load and responsibility for programming tended to have unequal influence:

If there was any significant reduction of varying viewpoints through combination amongst the middle-level stations or if, conversely, one organization were in a position to have a vote representing a half, or almost half, of the total cost of any program under discussion, it would seem apparent that decisions could be influenced by the lack of breadth amongst the participants, or by the concentration of effective voting power represented by such a large proportion of the cost.

The National Association of Broadcast Employees and Technicians suggested that no interest should be permitted to have effective control of more than two stations affiliated to a single network and that a limit be placed on the total number of television stations controlled by a single interest.

On December 23, 1969, the C.R.T.C. announced its revised policy on CTV multiple ownership. The policy supports the C.R.T.C.'s applied philosophy to examine and evaluate each situation on its own merit "taking into account policies established by the Commission, circumstances surrounding each application and factors likely to affect the overall development of the CTV network."

The first major opportunity to see this policy applied came in the Bushnell Communications decision. On July 6, 1970, it was announced that Bushnell could acquire CFCF-TV in Montreal and CKWS-TV in Kingston – both CTV affiliates – together with CHEX-TV in Peterborough and CFCH-TV in North Bay. The decision also granted to Bushnell eleven radio stations in seven cities, and Cablevue (Belleville) Limited.

Among the conditions for licence, the C.R.T.C. included the following concerning its reasons for permitting multiple ownership of the CTV affiliates:

1. that the ownership of CFCF-TV and CJOH-TV, both member stations of CTV, would permit more creative representation of the Montreal scene to the rest of the country and bring the Montreal area a more immediate and comprehensive service regarding events taking place in other parts of Canada;
2. that Quebec City, as the capital of Quebec, will be more regularly reflected in the radio and television news of CFCF and CFCF-TV Montreal;
3. that there will be more programs exchanged between Montreal and Ottawa;

4. that CFCF Radio Montreal will give an added emphasis to community involvement;

5. that advertisers shall not be obligated to buy advertising on both CJOH-TV and CFCF-TV;

6. that Bushnell Communications Limited will only exercise one vote as a member of CTV Television Network Limited;

7. that CFCF-TV Montreal and CJOH-TV Ottawa will take their normal share in any cost-sharing plans agreed upon in the CTV network.

It is apparent that such decisions concentrate broadcasting ownership. At issue is the basic problem of conflicting values, the value of large-scale operation, and the value of widespread diversity of ownership of the communications media. By limiting Bushnell Communications to one vote as a member of the CTV network, the C.R.T.C. has attempted to limit the power of concentrated ownership.

One area in which the present regulatory agency has opened the door to a possible increase in competition among existing broadcasting media is through its reversal on February 3, 1969, of a former B.B.G. ruling against the licensing of new AM radio stations in communities that already had radio and television broadcasting facilities. "The policy," the B.B.G. explained in 1966, "was designed to ensure that commercial revenue which might otherwise be available to support alternative television service will not be diverted to less important broadcasting services."

The reversal of this policy is of particular interest when set against an observation in the Toronto Stock Exchange's *Monthly Review* (February, 1969). An article dealing with CHUM Limited, a company listed on the Exchange, noted that to understand fully the impact of radio in Canada it was necessary to compare the broadcasting industry with that in the United States.

> The Canadian industry is fundamentally stronger financially. There are fewer stations per capita, making it a better "buy" for advertisers. In the United States, the audience tends to be "splintered" among many stations.
> In U.S. markets the size of Toronto, there are usually four or five times as many stations. In 1954, radio in Canada accounted for 9.4 per cent of advertising dollars. In 1968, its share had increased to 10.2 per cent. That is a significant increase if it is recognized that the gross advertising revenues in Canada are now in the order of one billion dollars. In the United States, radio takes only 6 per cent of total advertising revenue.

Presumably as a result of this limitation on the number of outlets in Canada, the profitability of the average radio station north of the border is also significantly higher than in the United States. The granting of greater freedom of entry into the market could conceivably result in increased competition and also somewhat wider diversity of ownership, presuming that the proportion of group-owned stations newly licensed is not large.

It is worth noting in passing that the kind of protective attitude toward broadcasting reflected in the B.B.G. decision on AM radio, as well as in a number of its other licensing recommendations, is quite different than that in the United States. In a paper reproduced in the fall issue for 1968 of the *Anti-Trust Bulletin,* Rosel H. Hyde, at the time Chairman of the Federal Communications Commission in the United States, observed that freedom of entry into broadcasting – within technical limits – provided a stimulus to competition. While he probably overstated the case, Mr. Hyde maintained that the F.C.C. "does not protect an existing station

against competition from newcomers, leaving both to succeed or fail upon the basis of their service to the public. The Commission had consistently sought free and open competition and refused to consider economic injury in any aspect as being a factor in the public interest." This position, he subsequently admitted, had been somewhat modified as a result of a court decision decreeing that economic injury had to be taken into account when it would result in the reduction or elimination of service to the public.

One of the elements that need to be taken into consideration in relation to ownership concentration is cable television. At present, the vast majority of these systems are employed in a passive way to relay the signals of existing television stations. The C.R.T.C. has made it clear, however, that it expects cable systems to begin playing an increasingly active role by undertaking an increasing volume of programming of their own.

The C.R.T.C.'s stated policy of favouring local ownership of cable systems, while at the same time remaining unwilling to give cable licences to other media owners in the same community, suggests that herein lies a method of diversifying media ownership. However, this seems to be in conflict with the Commission's desire to license operators capable of producing, in time, high quality cable programming, which implies that these owners should have some experience in broadcasting.

The cable systems, therefore, offer the opportunity for provision of increased diversity of programming and of ownership. In its submission to the C.R.T.C. in October, 1969, on the question of microwave relay systems in conjunction with cable television, the Canadian Association of Broadcasters suggested that the dual ownership of a television station and a cable television system should not be regarded as producing excessive concentration of ownership because the latter would only be assisting the former in extending its service in keeping with the provisions of the Broadcasting Act.

Considering the fact that many cable television systems are, in fact, the instrument of increased competition for many local television stations, this is a rather dubious argument. It becomes even more so when the possibility of cable systems becoming increasingly involved in their own programming is taken into account. To date, the C.R.T.C. – as indicated later – has been inclined to frown on such dual ownership. It has not, however, adopted any overall policy in this regard. In Ottawa, for example, Ottawa-Cornwall Broadcasting Limited (previously Bushnell Communications), which operates CJOH-TV in Ottawa, also holds 75 per cent of Laurentian Cablevision Limited in Hull and a minority interest in Skyline Cablevision Limited in Ottawa. However, the C.R.T.C. refused to allow a complete takeover of Skyline in its decision of July 6, 1970. More common is the C.R.T.C.'s refusal to permit owners of other local media to participate in the ownership of community cable systems.

Two types of ownership concentration have been more favourably received by the C.R.T.C. These are: first, multiple ownership of cable systems by corporations not involved in other media operations; and second, ownership of cable systems by corporations involved in media operations not adjacent to the cable operation(s).

Jarmain Cable Systems Limited has restricted its operations to date to cable. Currently it owns five systems extending to London, Oshawa, Chatham, Paris,

Bowmanville, Bradford, and Holland Landing. David R. Graham, through three separately incorporated companies, holds interests in three systems in Winnipeg, Toronto, and Calgary.

With the increasing attractiveness of cable, many of the major media corporations started collecting systems. Famous Players, best known for its widespread interests in motion picture theatres, held, at the end of 1969 at least partial ownership of nineteen cable systems. At the same time, it shared ownership in eight television and two radio stations. Famous Players, because it is American-controlled, is now disqualified and is endeavouring to sell its holdings.

Southam Press Limited directly or indirectly holds interests in six cable systems. Southam plans to consolidate its broadcasting interests in Selkirk Holdings, subject to C.R.T.C. approval. Selkirk has interests in seven television and five radio stations.

Maclean-Hunter Limited, Canada's leading publisher of consumer magazines and business publications, has purchased and received licences for seventeen cable systems in Ontario operated by three companies; Maclean-Hunter Cable TV Limited, Peterborough Cable Television Limited, and Huron Cable TV Limited.

Some of the earlier C.R.T.C. decisions reflect concern over too much concentration of ownership regionally among broadcast holdings and between broadcast and cable holdings. One involved an application by British Columbia Television to authorise Famous Players' and Selkirk's increasing of their minority holdings in the company. In rejecting the application, the Commission said that it was

> concerned about excessive concentrations of ownership in communications media. Two aspects of excessive concentration are apparent in this application. One is the ownership of the CTV Network through its affiliated stations. The other aspect is the general matter of ownership of broadcasting stations and CATV systems.

Recalling the pronouncement of the B.B.G. with regard to multiple interests in CTV affiliates, the Commission noted that Famous Players already was a shareholder in CKCO-TV, Kitchener, and CHAN-TV through its holdings in British Columbia Television. "The Commission confirms the policy statement of the B.B.G. and will not now authorize a transfer of shares which would increase the participation of any person or party in the ownership, control or management of more than one company licensed to operate an affiliated station of the CTV Network."

The C.R.T.C. further opposed the application because it would result in a further increase in the 26.7 per cent of the company shares already held by Selkirk: "With respect to the proposal by Selkirk Holdings Ltd. to purchase shares in British Columbia Television Broadcasting System Ltd., the Commission notes that Southam Press Ltd. is a shareholder in Selkirk Holdings Ltd." The announcement continued:

> Southam Press Ltd. and Selkirk Holdings Ltd. have direct or indirect interests in several other Canadian FM, AM and television stations, as well as in CATV systems. Concentration of ownership is a complex problem which is made more difficult by the distribution of the population of Canada. The Commission realizes that the development of communication in Canada may sometimes require the participation of large entities. However, considering the facts before it at this time the Commission has decided to deny this application.

In March, 1969, the Commission authorized Western Broadcasting Co. to increase its minority holdings in B.C. Television substantially through the purchase of shares from another company, although Western Broadcasting had extensive broadcasting interests at that time.

> The Commission has taken into account the existence of a preemptive rights agreement amont the shareholders, but decided that other factors, such as balance of ownership and the need to clarify a complicated ownership situation in the interests of the station's performance were of greater importance in these circumstances. [Again without further explanation.]

On July 23, 1969, the Commission, as previously pointed out, permitted Selkirk and Western to acquire a share interest for the first time in Halifax's CJCH-TV, another CTV station, and to increase their holdings in British Columbia Television through the purchase of Canastel. This decision not only conflicted with the B.B.G. ruling regarding CTV affiliates, but also conflicted with the position previously taken by the C.R.T.C. with regard to increasing the holding of Selkirk in British Columbia Television because of its already extensive interests in broadcasting and the large minority share holding of Southam in this company.

The C.R.T.C. also raised the problem of ownership during 1968 in connection with an application for the renewal of the licence of radio station CHSJ in Saint John. This station, as well as CHSJ-TV in Saint John, is owned by the Irving group, which includes among its media holdings the ownership of all five of the English-language daily newspapers in New Brunswick. The C.R.T.C. announced that it was renewing the licence for a period of only one year, to March 31, 1970, and explained: "The Commission is developing a licensing policy which will take into account concentration of ownership in the media serving a community. The Commission will reconsider this licence in the light of the new policy."

The new policy has yet to be disclosed, nor, it appears, may it ever be handed down in a single policy statement per se. As the annual report of the Commission in 1969 states:

> The Commission's continuing concern about concentration of ownership of broadcasting undertakings and the evolution of policy in this sphere can be traced in decisions taken throughout the year. Conditions relating to concentration of ownership were attached to decisions on licence applications by the following: Express Cable Television Limited, British Columbia; Surrey Cablevision Limited, British Columbia; British Columbia Television Broadcasting System Ltd., B.C.; Rogers Cable Television Limited, Ontario; Baton Broadcasting Limited, Ontario; New Brunswick Broadcasting Limited, N.B.

Many of these decisions have been herein discussed.

In a separate decision, the Commission also denied an application for renewal of the licence previously granted by the Department of Transport to Saint John Cablevision Ltd. to maintain a broadcasting undertaking in the city. Ownership of this company, which never went into operation, was equally divided between Irving and Famous Players. "In its announcement of June 13, 1968, the Canadian Radio-Television Commission expressed its concern about excessive concentration of ownership in communication media. In view of this concern, the Commission will not approve this application in the public interest."

On December 20, 1968, the Commission announced its decision regarding extension of first service French-language and second service English-language television in the Maritimes. The decision affiliated CKCW-TV of Moncton to the CTV network, and gave it rebroadcasting rights to Saint John. It provided that CHSJ-TV of Saint John remain affiliated to the CBC, rebroadcast to Moncton and carry a stipulated amount of national and regional CBC programmes. It stated that the CBC should establish both English and French production services in Moncton. It extended the broadcast coverage area of CJCH-TV in Halifax to southern Nova Scotia counties. CJCB-TV of Sydney was to become a CTV affiliate with rebroadcasting rights to cover Prince Edward Island. The CBC, on the other hand, was to rebroadcast to the CJCB Cape Breton coverage area. French service was to be offered in Yarmouth, the Saint John-Fredericton area, Halifax, and Cape Breton.

Among other considerations, the Commission said it was concerned

> to arrive at a flexible solution that could permit further developments if the need and possibilities arise and to maintain the possibility of a CBC-owned and-operated station in the Saint John-Fredericton area if and when such a station becomes possible and indispensable.

The Commission said it wished also to avoid increasing unnecessarily the number of stations in this area, since the existing number of stations was already higher than anywhere else in the country in relation to geographic size, population and market figures.

The announcement recalled that under the Broadcasting Act, broadcasting licences were not deeded in perpetuity and added: "The Commission will continue to study the problem of concentration of ownership of the broadcasting media and will review in the coming year the situation in New Brunswick."

One of the major aspects of this far reaching order was a directive to Moncton Broadcasting Company Limited, licensee of CKCW-TV (Moncton), previously a CBC affiliate, to become affiliated with the CTV Network and to establish a satellite, or rebroadcasting station, in Saint John. At the same time, the Commission also directed that CHSJ-TV (Saint John) remain affiliated to the CBC Network and establish a satellite station in Moncton.

The decision clearly indicates the reservations of the C.R.T.C. to any expansion of the Irving interests into additional media enterprises. Currently, Irving interests control all the English-language newspapers in New Brunswick and a Saint John radio and television station. The decision specified that "No person with an ownership interest in New Brunswick Broadcasting Company Limited may have direct or indirect ownership or control of any shares of capital stock in Moncton Broadcasting Limited."

As part of a series of decisions on March 21, 1969, the C.R.T.C. approved applications which had the effect of permitting Maclean-Hunter Ltd. to buy out the remaining minority shares of local residents who previously controlled CFCN Television Ltd., which has a station in Calgary and full or partial satellites in a number of other Alberta communities, including Lethbridge. The same circumstances, and the same parties, were also involved in the case of The Voice of the Prairies Ltd., operator of CFCN-AM and CFVP-SW, Calgary. In both instances, the announcement recalled the C.R.T.C. desire to safeguard community interests.

"However, the Commission approves of this share transfer because it appears to be the most practical solution in the interest of the station's performance at this moment. The Commission will be interested in the methods used by the licensee to ensure community participation and safeguard community interests." The decision did not disclose why the station's performance suffered because Maclean-Hunter, while having a majority interest, fell short of complete ownership of all outstanding shares. The C.R.T.C. never indicated subsequently what methods have been adopted by the licensee "to ensure community participation and safeguard community interests," nor whether these methods are to its satisfaction. Judgment will not likely come until application for licence renewal is made two years hence.

A similar situation arose in the case of Great Lakes Broadcasting System Ltd., a licensee of radio stations in Chatham, Orillia, and Kitchener. In this instance, the C.R.T.C. authorized Maclean-Hunter to increase its percentage of ownership from 50 per cent to 100 per cent. Again the C.R.T.C. maintained it was the most practical solution in the interests of the station's performance and again expressed interest in the arrangements for safeguarding community interests and providing community participation.

In its decision of July 6, 1970, the C.R.T.C. openly expressed its concern over another type of media concentration – mixed-media ownership. The decision granted Bushnell Communications Ltd. the right to purchase and operate all of the Thomson-Davies broadcasting interests. It noted that: "These applications lead to the separation of a group of broadcasting stations from a significant newspaper group. The Commission thinks this separation is desirable. Under the circumstances, the Commission accepts the arrangement which results in the entire broadcasting group being transferred to the applicant."

The decision resulted in a reduction of the Thomson-Davies newspaper and broadcasting concentration but increased considerably the broadcasting ownership concentration of Bushnell Communications Limited. This suggests that the C.R.T.C. prefers broadcasting concentration to mixed-media concentration, while of course retaining reservations about concentration of any kind. Presumably the same concern over mixed-media ownership acted in the request that F.P. Publications dispose of its shares in Community Antenna Television Limited, which is licensed to operate in Calgary.

One of the strangest cases involves the decision, in August, 1968, by the C.R.T.C. approving the sale by Roy G. Chapman and Mrs. A. M. Chapman of approximately one-third interest in Okanagan Valley Television Company Limited, operator of a primary television station in Kelowna and satellite stations in eight other communities, including Penticton, to British Columbia Television Broadcasting System Limited. British Columbia Television operates television stations in Vancouver and Victoria, and its control is divided among Western Broadcasting, Selkirk, and Famous Players – all of which have other extensive broadcasting interests. At the time British Columbia Television acquired its one-third interest in Okanagan, Selkirk held one-third directly, through a wholly-owned subsidiary, the remaining one-third being held by the Bromley-Browne family.

The C.R.T.C. advanced the following reasons for the approval of this share exchange, and, in the process, sought to develop something of its own philosophy with regard to ownership:

> The C.R.T.C. maintains concern regarding concentration of ownership of communications media. It is convinced that equitable balance of ownership is a form of guarantee for safeguarding community interests and sustaining the presentation of vital news and informational services.
>
> In addition to criteria already expressed by the B.B.C. in various licensing decisions, the C.R.T.C. has four points of consideration used in making decisions regarding ownership of broadcasting outlets:
>
> 1. The balance between shareholders from the community and shareholders from outside the community to be served by the station.
>
> 2 The balance on the Board of Directors of the company between members of the community to be served by the station and other members of the Board.
>
> 3 The capacity of the company – as demonstrated by the structure of ownership and by the composition of the Board of Directors – to understand the characteristics of the community to be served and to meet the various needs of that community.
>
> 4 Extent of ownership of other commercial undertakings which might influence the performance of broadcasting stations.
>
> The Commission recognizes, as well, the need for adequate economic resources in the natural development and expansion of broadcasting.
>
> The decision to allow the transfer of shares of CHBC-TV, Kelowna, B.C., to British Columbia Television Broadcasting System Ltd., is directly related to a normal need for expansion and improvement of general broadcasting service as well as assurance of the continued capacity of local participation as a safeguard for community interests.

Having set out some of the factors considered, the C.R.T.C. indicated that in its opinion economic and financial considerations outweighed those relating to community participation or concentration of ownership. However, the C.R.T.C. provided no insight for the public into the lack of adequate economic resources that resulted from the one-third Chapman ownership, nor did it suggest how any prospective deficiency would be better overcome by the one-third participation of British Columbia Television.

This decision by the C.R.T.C. provided for Mr. Chapman to retain one share in Okanagan to continue qualifying as a director of the company. In October, 1969, however, the C.R.T.C. had before it applications for new television stations from B.C. Television and Mr. Chapman which not only were directly competitive, but which also would provide extensive direct competition for Okanagan if either was approved.

British Columbia Television, which now holds a one-third interest in Okanagan, applied for permission to establish stations in Kamloops and Kelowna (the site of Okanagan's primary station) to relay broadcasts of British Columbia Television's CHAN-TV in Vancouver. British Columbia Television further proposed that the Kelowna station be employed to further relay CHAN signals to relays in Vernon and Penticton (where Okanagan also has a relay station.)

Mr. Chapman, the sale of whose interests in Okanagan to British Columbia Television was related to the future financing of the company's growth, applied for a licence on behalf of a company to be incorporated. He proposed to establish a new primary television station at Kelowna and satellites in Penticton and Vernon, which presuppose some substantial financial backing.

At the C.R.T.C. hearing in Vancouver in October, 1969, Mr. Chapman withdrew his application in favour of the competing proposal of British Columbia Television. The latter company argued that the move would enable it to secure additional national advertising revenue not available to the competing American television station KVOS, in Bellingham, just south of the British Columbia border. The company undertook to guarantee the independently owned television station in Kamloops and Okanagan, in which British Columbia Television has a one-third interest, that it would make up the difference if their national advertising revenues did not increase by 10 per cent a year. Approval of this proposal would result in British Columbia Television's CTV station in Vancouver competing with two CBC affiliates, in one of which it has a one-third interest, while at the same time guaranteeing them a specific annual increase in national advertising revenue.

Both the report of the Fowler Committee and the federal government's White Paper on Broadcasting contended that, in addition to establishing certain minimum national standards, the new regulatory authority should be expected to impose additional programming requirements on the more prosperous broadcasting stations related to their ability to pay. The White Paper said that standards of quality and public service should not be formulated on a universally applicable basis.

> Private broadcasters operating in the larger and more profitable markets can afford to provide a greater variety and higher quality of programming than those in less favoured areas, and it is therefore logical to relate regulatory requirements to the profit-potential of individual stations.

The Fowler Committee had this further observation with regard to the disclosure of financial information relating to broadcasting stations:

> The Canadian Broadcasting Authority should report annually to Parliament, in considerable detail, on all aspects of the broadcasting system – for the private sector as well as the public sector. Parliament should be given a complete picture of the purpose and performance of the broadcasting system so that it can be viewed as a whole. The annual report should deal in detail with the year's program performances by both public and private broadcasters. It should assess performance against the standards laid down by the Authority, and against any undertakings that may have been given by broadcasters. It should also report on the financial position of all broadcasters. For the CBC, the Authority's annual report to Parliament will necessarily cover details of the financial results and administration of the CBC, but Parliament and the public also have the right to know about the financial health of the private broadcasters, since they are essential elements of the Canadian broadcasting system. There is a need to standardize the form of accounting by the CBC and the private stations, so that their achievements and their failures can be accurately compared by Parliament and the public.

While the report of the Committee was not precise, it appeared to suggest that information relating to the financial position of each of the private broadcasting stations should be made public. All stations are now required to report financial information in considerable detail to both the C.R.T.C. and D.B.S. This information, however, is regarded as confidential and not available for public scrutiny.

To date, the Commission has not moved to implement the proposal of the Fowler Committee and the federal government with regard to programming

requirements based on ability to pay. Whether the C.R.T.C. itself is prepared to follow such a course remains unknown, but the fact that it has not done so to date is at least understandable in terms of the very heavy load of other problems confronting it and the lack of complete information available on which to base such decisions.

If and when the C.R.T.C. does move to implement the policy of the government, there may be further justification for the disclosure of financial information beyond that advanced by the Fowler Committee. It can be argued that if the regulatory agency is to impose special programming requirements on stations according to ability to pay, then the public has the right to scrutinize the financial data that provide the basis for the Commission's judgment. Failing that, the public lacks any means of reaching a judgment of its own about the manner in which the regulatory agency performs its public trust.

CABLE OWNERSHIP*

Cable ownership has been separated for study from daily newspapers, radio and television ownership because it is less developed as an industry, because the size of each system is more limited than for other media due to its restriction to a licensed area, and because in 1970 cable is primarily a programme-transmitting service rather than a programme-producing industry. It is analyzed primarily as it exists within the 103 communities included in Appendix 1 – those in which a daily newspaper is published, or where there is a primary television station.

Table 1 shows that in the 103 communities there were ninety-five separate cable systems approved by the C.R.T.C. as of July 31, 1970. These systems were not necessarily operational. However, conditions of each licence specify that cables must be laid throughout the area within the two year term of licence. The ninety-five cable systems compare to 116 daily newspapers, ninety-seven television and 272 radio stations in the same communities.

These cable systems occur in sixty-one of the 103, or 60 per cent of the communities. Cable has developed fastest in those areas which can pick up off-the-air American television networks. This means the Prairies and the Maritimes have been slower to establish cable systems. By July, 1970, eight of the 19 (42 per cent) Prairie communities under study and three of the 12 (25 per cent) Maritime communities had licensed cable systems. Four of the cable systems in Edmonton and Calgary were not yet laying cable as they were licensed only in July. On the other hand, 79 per cent of the Ontario, 61 per cent of the Quebec and 60 per cent of the British Columbia communities have at least one cable system.

Of the ninety-five systems, 61 or 64 per cent are group-owned and 34, or 36 per cent are independently-owned. This means there is a slightly lower proportion of group ownership in cable than among daily newspapers (64 per cent as against 66.4 per cent) but considerably more than among television and radio stations (64 per cent as against 47.9 per cent).

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*This summary of cable ownership patterns was prepared by the Committee's research staff.

Table 1. Cable Systems Approved By the C.R.T.C. in Surveyed Communities as at July 31, 1970.

Province	Number of Communities	Number with Cable System(s)	Number of Cable Systems	Number Group Owned	Number Independently Owned	Independents with Interests in Other Media in Same Community
British Columbia	15	9	16	11	5	0*
Alberta	6	5	7	4	3	2
Saskatchewan	7	1	1	1	0	0
Manitoba	6	2	3	2	1	1
Ontario	45	34	51	37	14	0*
Quebec	12	7	12	5	7	1
New Brunswick	3	1	1	0	1	0
Nova Scotia	5	2	4	1	3	0
Prince Edward Island	2	0	0	0	0	0
Newfoundland	2	0	0	0	0	0
TOTAL	103	61	95	61	34	4

*However, two cable systems in same city owned by same interests.

Source: Appendix 1

Of the thirty-four independently-owned cable systems, four are owned by individuals or corporations which have other media interests in the same community. Four more are controlled by interests which own two cable systems in the same community but own no other media. This leaves twenty-six systems which exist entirely independently of other media holdings in the same or another community.

Table 2 examines development of cable by community size. Larger communities are more likely than smaller communities to have cable although a surprisingly large number of towns with populations of less than 30,000 do have cable. Just over 76 per cent of metropolitan areas (population over 100,000) have at least one cable system and about half have more than one. About 69 per cent of cities with 30,000 to 100,000 population and about 50 per cent of those under 30,000 have cable.

The C.R.T.C. has followed a policy of dividing major metropolitan centres for licensing among a number of cable operators. Toronto has the most systems – eleven. Hamilton follows with seven systems; Montreal and Vancouver have six, and Ottawa-Hull has three. The twenty-one communities with populations of over 100,000 account for forty-nine of the ninety-five systems.

The five metropolitan areas currently without cable are Regina, Saskatoon, Sudbury, Saint John and St. John's. Metropolitan areas with one cable system are Victoria, Kitchener-Waterloo, St. Catharines, Thunder Bay, Windsor and Quebec City.

Up to this point cable ownership has been discussed in terms of numbers of systems regardless of size. The influence of a cable system can extend only to the extremities of the licensed area. In metropolitan areas, the licensed area is usually only a section of the city. In smaller communities where there may only be one system, the licensed area covers only the more-densely-populated parts where the system can operate profitably. Cable does not usually extend to rural areas as do the other media.

Hence it does not seem appropriate to assess cable ownership on the basis of communities penetrated. Rather it should be examined on the basis of proportion of households reached by a particular owner in a city, in an area, in a province or in Canada as a whole.

By pro-rating 1966 D.B.S. census data, it is estimated that at December 31, 1969, there were approximately 5,600,000 households in Canada. Of these, the C.R.T.C. estimates, 2,495,200, or 45 per cent, were in cable-serviced areas and 1,013,300, or 18 per cent subscribed to cable. The C.R.T.C. projected the subscription from 1,013,300 to 1,070,900 by March 31, 1970, an increase of 5.7 per cent in a period of three months. In contrast to these figures for cable television, the Committee's Media Usage study (conducted by Canadian Facts Co. Ltd.) indicates that 99 per cent of households have at least one radio, 98 per cent have at least one television set, and 90 per cent of individuals claim to read a daily newspaper.

Table 2. Cable Systems By Community Size

Province	Total			Under 30,000			30,000 – 100,000			Over 100,000		
	Number of Communities	Communities with Cable	Communities with 2 or more systems	Number of Communities	Communities with Cable	Communities with 2 or more systems	Number of Communities	Communities with Cable	Communities with 2 or more systems	Number of Communities	Communities with Cable	Communities with 2 or more systems
British Columbia	15	9	1	13	7	0	0	0	0	2	2	1
Alberta	6	5	2	2	1	0	2	2	0	2	2	2
Saskatchewan	7	1	0	4	1	0	1	0	0	2	0	0
Manitoba	6	2	1	4	1	0	1	0	0	1	1	1
Ontario	45	34	4	18	13	0	16	13	0	9	8	4
Quebec	12	7	1	4	1	0	6	4	0	2	2	1
New Brunswick	3	1	0	1	1	0	1	0	0	1	0	0
Nova Scotia	5	2	2	3	1	1	1	0	0	1	1	1
Prince Edward Island . .	2	0	0	2	0	0	0	0	0	0	0	0
Newfoundland	2	0	0	1	0	0	0	0	0	1	0	0
TOTAL.	103	61	11	52	26	1	28	19	0	21	16	10

Source: Appendix 1.

Table 3 provides cable circulation data by province at December 31, 1969. This information was computed by the C.R.T.C. from information submitted by cable operators. It should be noted that the D.B.S. annual *Report on Community Antenna Television* for 1969 gives the number of actual subscribers (individual plus commercial and bulk contract outlets) for the same date as 923,811. The C.R.T.C. compilation was made a short time after that of D.B.S. Hence the discrepancy in the number of subscribers.

Table 3. Cable Circulation By Province, December 31, 1969.

Province	Number of Households in Cabled Areas	Number of Subscribing Households	Subscribing as % of Area Households
			%
British Columbia	464,000	278,100	60
Alberta	27,300	12,700	46
Saskatchewan and Manitoba	152,000	29,100	19
Ontario	1,126,500	471,700	42
Quebec	703,400	211,500	30
Maritimes	22,000	10,200	46
Total Canada	2,495,200	1,013,300	41

Source: CRTC records, December, 1969.

In this study, actual circulation represents all subscribing households, including outlets from commercial and bulk contracts, such as apartments, hospitals etc. Potential circulation is the circulation that would be achieved if all households subscribed. Subscriber acceptance varies from region to region, but as a rule of thumb cable operators usually expect that an average of 65-70 per cent of homes in cabled areas are likely to subscribe.

Table 3 shows the maximum potential number of households in cable-serviced areas, the number of actual subscribing households at December, 1969 and the penetration of cable provincially at this time. In total, 41 per cent of households in cable-serviced areas were subscribing. According to a province-by-province breakdown, penetration was greatest in British Columbia at 60 per cent, followed by Alberta and the Maritimes at 46 per cent, then by Ontario at 42 per cent. In terms of potential, the lowest penetration has occurred in Saskatchewan and Manitoba with only 19 per cent of possible households subscribing.

Chapter 2:

A PROFILE OF OWNERSHIP CONCENTRATION

This section is concerned to draw a profile of the mass media in Canada and to show the extent of common interests within each medium and between media, as well as the communications interests held by conglomerate organizations with far-reaching holdings in other industries. It concentrates primarily on the ownership of daily newspapers and radio and television stations in Canada.

For the purposes of analyzing ownership patterns, the study has confined itself to those communities in which a daily newspaper is published or in which a primary television station is located. A few additional communities have been included where major group companies have an interest in one or more radio stations. Television stations that operate in these communities completely or partially as satellites of a primary station located elsewhere have been included.

This section uses the terms "group" and "independent" in a special way. For purposes of the study, "group" has been taken to mean two or more media units under common ownership operating in more than one community, whether or not these media units are of the same kind. "Independent" ownership may include two or more media units, but confined to one community.

A list of all the daily newspapers, radio and television stations and cable systems for each community covered in this survey is to be found in Appendix I. This survey includes all changes in ownership up to July 31, 1970.

The survey includes 103 communities in which there are 116 daily newspapers, ninety-seven television stations, 272 radio stations (AM and FM counted separately) and ninety-five cable operations.

The extent of common interests among and between the mass media in Canada today varies from region to region. In part, because of the complexities arising from the tangled threads of intercorporate holdings, the extent of concentration is not easily measured.

Even the nature of a group is not easily defined. For our purposes, an organization has been identified as a group if it has multiple interests in different communities in one medium or more, or if it is a conglomerate with major interests in other non-media industries. Since multiple holdings are not readily traced in all cases, some of the smaller organizations that come within the definition may have been excluded.

Undertaking what represents the first comprehensive analysis of mass media ownership in Canada has been somewhat hampered by the fact that the ownership of newspapers in Canada is not a matter of public record, as it is in the United States. While the ownership of most newspapers is common knowledge and is recorded in the case of most public companies, the source of control occasionally remains unknown for some time. A notable example is the case of the Fredericton *Gleaner*, which passed into the control of K.C. Irving several months before its acquisition was acknowledged. A more recent example was provided by the Toronto Daily *Star*, which in announcing that it had acquired complete ownership of the Oakville *Daily Journal-Record* disclosed for the first time that it had previously shared control of the paper with the Thomson group. Through the transaction, the Toronto *Star* also acquired total ownership of the *South Peel Weekly* in Port Credit (now the *Mississauga Times*) and the announcement of the transaction disclosed for the first time the *Star's* ownership of twelve other weeklies in communities in and around Metropolitan Toronto. It is only in recent years that the ownership of broadcasting stations and cable television systems has become a matter of public record by decision first of the Department of Transport and later of the regulatory authority. Up-to-date information on current ownership is, however, not compiled or maintained in a way that makes it readily available for public scrutiny.

Table 4 provides a rough measure of one aspect of common ownership. It indicates that out of a total of 485 units of mass communication in Canada – newspapers, AM and FM radio stations and television stations – groups have a significant, although not necessarily a controlling interest, in 251, or 51.8 per cent.

A total of seventy-seven out of 116 daily newspapers, or 66.4 per cent, are group owned; one company, Southam Press Limited, has a substantial minority interest in three others that are listed as independent.

Out of a total of ninety-seven television stations, including relay stations located in some of the communities that form part of this study, forty-seven, or 48.5 per cent are group-owned or are stations in which groups have a substantial minority interest.

By media outlet, there is a similar proportion of concentration among radio stations. Of the total number of 272 located in the selected communities, groups have a significant interest in 129, or 47.4 per cent.

By province the greatest degree of concentration is found in Quebec, followed closely by British Columbia. Groups have interests in forty-seven out of seventy-two media outlets, or 65.3 per cent in Quebec and forty-four out of sixty-eight, or 64.7 per cent in B.C. In Quebec groups control 64.3 per cent of the newspapers, 70.7 per cent of the radio and 64.7 per cent of the television stations. In B.C. group ownership controls 83.3 per cent of the newspapers, 58.3 per cent of the radio and 47.1 per cent of the television stations.

Table 4 shows that at the other end of the scale, there is a relatively smaller degree of concentration in the Atlantic provinces, and in Manitoba.

Table 4. Ownership by Media in Selected Communities

	Group Ownership by Media Units												Multiple Group and Independent Ownership									
	Media Units			Newspapers			Radio			Television			Multiple Interests				Radio		Radio & Television		Mixed Media	
	Total	Group	%	Total	Group	%	Total	Group	%	Total	Group	%	Number Communities	Total*	Group	Independent	Group	Independent	Group	Independent	Group	Independent
British Columbia	68	44	64.7	18	15	83.3	36	21	58.3	14	8	57.1	15	11	11	4	6	3	7	2	2	0
Alberta	40	19	47.5	7	6	85.7	23	9	39.1	10	4	40.0	6	5	4	5	1	4	3	3	2	0
Saskatchewan	28	12	42.9	4	4	100.0	15	5	33.3	9	3	33.3	7	4	2	2	0	0	2	2	1	0
Manitoba	30	10	33.3	7	2	28.6	16	7	43.8	7	1	14.3	6	3	3	2	3	1	1	2	0	0
Ontario	183	93	50.8	48	30	62.5	109	50	45.9	26	13	50.0	45	23	20	18	15	16	8	4	2	3
Quebec	72	47	65.3	14	9	64.3	41	29	70.7	17	11	64.7	12	9	13	0	8	0	8	0	1	0
New Brunswick	20	11	55.0	6	5	83.3	9	2	22.2	5	4	80.0	3	2	2	0	0	0	1	0	2	0
Nova Scotia	23	7	30.4	6	2	33.3	13	4	30.8	4	1	25.0	5	3	1	2	1	2	0	1	0	0
Prince Edward Island	7	2	28.6	3	2	66.7	3	0	0	1	0	0	2	0	0	0	0	0	0	0	0	0
Newfoundland	14	6	42.9	3	2	66.7	7	2	28.6	4	2	50.0	2	1	1	0	0	0	1	0	0	0
TOTAL	485	251	51.8	116	77	66.4	272	129	47.4	97	47	48.5	103	61	57	33	34	26	31	14	10	3

*Total number of communities in which multiple interests exist. This may not correspond to the total of multiple group and independent interests because more than one multiple interest may exist in one community.

Note: Total Media Units does not include cable television systems or shortwave radio.

The table also provides an overview of the extent to which groups or independents have common interests in two or more of the media in the communities analyzed. Out of a total of 103 communities across Canada, there are multiple common interests in sixty-one. Groups have multiple holdings in fifty-seven communities, independents in thirty-three. (The total of group and independent common interests does not necessarily coincide with the total number of communities because of multiple holdings by more than one interest – groups or independents – in some centres.)

Groups have interests in two or more radio stations in thirty-four of these 103 communities, independents in twenty-six. In thirty-one communities, groups have common radio and television interests, independents in fourteen.

In eleven communities, group owners of daily newspapers also have mixed-media ties through interests in broadcasting stations and the same is true for independent newspaper owners in three communities. It should be noted that as of July, 1969, twenty-three communities had common ownership between the newspaper and a broadcasting interest. The C.R.T.C. approved sales of the Power broadcast holdings to Beaubien and the Thomson-Davies interests to Bushnell have reduced this number with common print-broadcast interests by more than half.

Tables 5, 5a, 6 and 6a provide a listing of multi-media interests in metropolitan areas and in communities of less than 100,000 population respectively. Table 7 contains a summary of aggregate multiple holdings for all communities surveyed in Canada.

Table 5. Mixed Media and Common Radio and Television Broadcasting Interests in Metropolitan Areas

(total 19 communities)

Metropolitan Areas	Total	Group	Multiple Group Interests by Communities	Independent	Multiple Independent Interests by Communities
Total Mixed Media Interests .	10	8	Toronto, Vancouver, Ottawa, Hamilton, Edmonton, Calgary, Regina, Saint John	2	London, St. Catharines
Total, Newspaper And Television .	7	6	Toronto, Vancouver, Hamilton, Calgary, Regina, Saint John	1	London
Total, Newspaper, Radio And Television . . .	5	4	Vancouver, Calgary, Regina, Saint John	1	London
Total, Radio And Television Interests	15	12	Montreal, Vancouver, Winnipeg, Quebec, Calgary, Victoria, Regina, Kitchener-Waterloo, Sudbury, St. John's, Saint John, Thunder Bay	3	Edmonton, London, Saskatoon

Table 5a. Mixed Media and Common Radio and Television Broadcasting Interests in Metropolitan Areas

Area	Group Interests Npr.	Group Interests Radio	Group Interests Television	Independent Interests Npr.	Independent Interests Radio	Independent Interests Television
Montreal M2,600,000	–	3 Bsh	1 Bsh	–	–	–
Toronto M2,300,000	1 BsE (Telegram)	–	1 BsE	–	–	–
Vancouver M978,000	1 S (Province)	2 Slk 2 WBC	1 {WBC Slk Fpl}	–	–	–
Ottawa-Hull M527,000	1 S (Citizen)	1 Wil-S	–	–	–	–
Winnipeg M529,000	–	2 Mof	1 Mof-Mis	–	–	–
Hamilton M479,000	1 S (Spectator)	–	1 S-Slk	–	–	–
Quebec M425,000	–	4 Prt-Bar-Lpg	2 {Fpl Prt-Bar-Lpg}	–	–	–
Edmonton M438,000	1 S (Journal)	2 S-Slk	–	–	2 Rice	1 Rice
Calgary M373,000	1 S (Herald)	2 M-H 1 S-Slk	1 M-H 1 Slk	–	–	–
London M224,000	–	–	–	1 Blk	2 Blk	1 Blk
Kitchener-Waterloo M205,000	–	2 Plk	1 Plk	–	–	–
Victoria M181,000	–	1 Slk	1 {WBC Slk Fpl}	–	–	–
Regina M136,000	1 Sft (Leader-Post)	1 Sft	1 Sft	–	–	–
Saskatoon M133,000	–	–	–	–	1 Mur	1 Mur
Sudbury M121,000	–	2 Cmb	1 Cmb	–	–	–
St. John's M108,000	–	1 Stl	1 Stl	–	–	–
St. Catharines M106,000	–	–	–	1 Bur	2 Bur	–
Saint John M102,000	2 Irv (Telegraph Journal, Times-Globe)	1 Irv	1 Irv	–	–	–
Thunder Bay M106,000	–	2 Dgl	1 Dgl	–	–	–

Table 6. Mixed Media and Common Radio and Television Broadcasting Interests in Communities Under 100,000 Population

(Total 33 Communities)

	Total	Group	Multiple Group Interests by Communities	Independent	Multiple Independent Interests by Communities
Total Mixed Media Interest . .	4	3	Moncton, Granby, Nelson	1	Belleville
Total, Newspaper And Television . .	1	1	Moncton	0	
Total, Newspaper Radio And Television	0	0		0	
Total, Radio And Television Interests.	28	18	Sherbrooke, Sault Ste Marie, Kingston, Peterborough, North Bay, Lethbridge, Jonquière, Timmins, Prince Albert, Barrie, Prince George, Rimouski, Terrace-Kitimat, Kelowna, Rouyn, Vernon, Rivière du Loup, Matane	10	Sydney, Brandon, Red Deer, Medicine Hat, Kamloops, Pembroke, Dawson Creek, Lloydminster, Wingham, Thompson

Table 6a. Mixed Media and Common Radio and Television Broadcasting Interests in Communities Under 100,000 Population

	Group Interests			Independent Interests		
Area	Npr.	Radio	Television	Npr.	Radio	Television
Sherbrooke 83,000	–	3 Beau	1 Beau	–	–	–
Sault Ste Marie 78,000	–	2 Hy	1 Hy	–	–	–
Kingston 63,000	–	2 Bsh	1 Bsh	–	–	–
Peterborough 58,000	–	1 Bsh	1 Bsh	–	–	–
North Bay 51,000	–	1 Bsh	1 Bsh	–	–	–
Moncton 47,000	2 Irv	–	1 Irv	–	–	–
Lethbridge 39,000	–	1 Slk	1 Slk	–	–	–
Granby 37,000	1 Des, Par, Fra	1 Des, Par, Fra	–	–	–	–
Belleville 33,000	–	–	–	1 Mor	2 Mor	–
Sydney 32,500	–	–	–	–	3 Nath	1 Nath
Brandon 31,000	–	–	–	–	2 West M	1 West M

Table 6a. Mixed Media and Common Radio and Television Broadcasting Interests in Communities Under 100,000 Population (Continued)

Area	Group Interests Npr.	Radio	Television	Independent Interests Npr.	Radio	Television
Jonquière 31,000	–	1 Lpg-Ba	1 Lpg-Ba	–	–	–
Timmins 29,000	–	1 Lvn	1 Lvn	–	–	–
Red Deer 30,000	–	–	–	–	2 Flock	1 Flock
Prince George 30,000	–	1 Q Broad	1 Q Broad	–	–	–
Prince Albert 27,000	–	1 Rwl	1 Rwl	–	–	–
Medicine Hat 27,000	–	–	–	–	1 Guif-Yu	1 Guif-Yu
Barrie 26,000	–	1 Snl	1 CHUM Snl	–	–	–
Kamloops 26,000	–	–	–	–	2 Clark	1 Clark
Rimouski 21,000	–	2 Beau	1 Beau	–	–	–
Terrace-Kitimat C 18,000	–	2 Skn	1 Skn	–	–	–
Kelowna 20,000	–	2 B-B	1 {B-B Slk BCT}	–	–	–
Rouyn Noranda 19,000	–	1 Gou	1 Gou	–	–	–
Pembroke 16,000	–	–	–	–	1 Arch	1 Arch
Dawson Creek 14,000	–	–	–	–	1 Mch	1 Mch
Vernon 13,000	–	1 Slk	1 {B-B Slk BCT}	–	–	–
Rivière du Loup 12,000	–	1 Sim	1 Sim	–	–	–
Matane 12,200	–	1 Lap	1 Lap	–	–	–
Nelson 9,000	1 Grn	1 Grn	–	–	–	–
Lloydminster 7,000	–	–	–	–	1 Shortell	1 Shortell
Wingham 3,000	–	–	–	–	1 Crk	1 Crk
Thompson C 1,522	–	–	–	–	1 MysL	1 MysL

These tables show, for example, that in eight communities, owners of newspapers also have a financial interest in a television station; in four communities, the owners of one or more of the local newspapers have financial interests not only in a local television station, but also one or more of the radio stations; while there are only fourteen communities in which there are mixed-media interests owned commonly, there are forty-three communities with at least one radio and one television station whose owners are the same.

Tables 7 and 7a show the mixed-media and multiple ownership in July, 1969, or one year before Table 7. It is interesting to note that the number of communities with mixed-media holdings has been reduced from twenty-three to fourteen. This lends credence to the supposition that the C.R.T.C. views broadcasting concentration with less disfavour than mixed-media concentration.

Table 7. Mixed Media and Common Radio and Television Broadcasting Interests in all Listed Communities as of July 31, 1970

All Listed Communities	Total	Multiple Group Interests	Multiple Independent Interests
Total Mixed Media Interests	14	11	3
Total, Newspaper and Television	8	7	1
Total, Newspaper, Radio and Television	5	4	1
Total, Radio and Television Interests	43	30	13

Table 7a. Mixed Media and Common Radio and Television Broadcasting Interests in all Listed Communities as of July 31, 1969

All Listed Communities	Total	Multiple Group Interests	Multiple Independent Interests
Total Mixed Media Interests	23	18	5
Total, Newspaper and Television	11	10	1
Total, Newspaper, Radio and Television	8	7	1
Total, Radio and Television Interests	46	28	18

Tables 8, 9 and 10 provide a listing of all general interest daily newspapers in Canada, in metropolitan areas, in communities with 30,000 to 100,000 population and those with less than 30,000 population. They indicate whether the newspaper is group or independently owned and, where known, the source of control. The tables also indicate those owners of newspapers that also have radio or television broadcasting interests – or both – in the same community.

Table 8. Distribution of Daily Newspapers According to Size, Nature of Ownership and Mixed-Media Interests
Metropolitan Areas

Community	Population	Newspaper	Ownership Group	Ownership Independent	Number of Group	Number of Independent	Broadcasting Interests Radio	Broadcasting Interests Television	Total Mixed Media
Montreal	2,600,000	*Le Devoir*	–	Co-op.	–	1	–	–	–
		Gazette	S	–	1	–	–	–	–
		Star	McC	–	1	–	–	–	–
		Le Journal de Montréal	Pel	–	1	–	–	–	–
		Montréal-Matin	–	Diverse	–	1	–	–	–
		La Presse	Des-Par	–	1	–	–	–	–
Toronto	2,300,000	*Corriere Canadese*	–	Ianuzzi	–	1	–	–	–
		Globe & Mail	FP	–	1	–	–	–	–
		Star	Diverse	–	1	–	–	–	–
		Telegram	BsE	–	1	–	–	1	2
Vancouver	978,000	*Columbian Group*	Col	–	4	–	–	–	–
		Province	S *	–	1	–	1	1	3
		Sun	FP *	–	1	–	–	–	–
Ottawa	528,000	*Citizen*	S	–	1	–	1	–	2
		Journal	FP	–	1	–	–	–	–
		Le Droit	–	Le Syndicat d'Œuvres Sociales	–	1	–	–	–
Winnipeg	527,000	*Free Press*	FP	–	1	–	–	–	–
		Tribune	S	–	1	–	–	–	–
Hamilton	479,000	*Spectator*	S	–	1	–	–	1	2

*Jointly published by Pacific Press, in which each has a 50% interest.

Table 8. Distribution of Daily Newspapers According to Size, Nature of Ownership and Mixed-Media Interests
Metropolitan Areas (Continued)

			Ownership		Number of		Broadcasting Interests		Total Mixed Media
Community	Population	Newspaper	Group	Independent	Group	Independent	Radio	Television	
Quebec	437,000	*Chronicle-Telegraph*	T	–	1	–	–	–	–
		L'Action	–	L'Action Sociale	–	1	–	–	–
		Le Journal de Québec	Pel	–	1	–	–	–	–
		Le Soleil	–	Gilbert	–	1	–	–	–
Edmonton	429,000	*Journal*	S	–	1	–	2	–	3
Calgary	372,000	*Albertan*	FP	–	1	–	–	–	–
		Herald	S	–	1	–	1	1	3
Windsor	223,000	*Star*	–	Graybiel	–	1	–	–	–
London	224,000	*Free Press*	–	Blackburn (25% S)	–	1	2	1	4
Halifax	206,000	*Chronicle-Herald*	–	Dennis	–	1	–	–	–
		Mail-Star	–	Dennis	–	1	–	–	–
Kitchener-Waterloo	204,000	*Record*	–	Motz (48% S)	–	1	–	–	–
Victoria	181,000	*Colonist*	FP	–	1	–	–	–	–
		Times	FP	–	1	–	–	–	–
Regina	136,000	*Leader-Post*	Sft	–	1	–	1	1	3

Saskatoon	123,000	*Star-Phoenix*	Sft	–	1	–	–	–	–
Sudbury	121,000	*Star*	T	–	1	–	–	–	–
St. John's	107,000	*Daily News*	–	Bonnell	–	1	–	–	–
		Telegram	T	–	1	–	–	–	–
Thunder Bay	106,000	*Times-Journal*	T	–	1	–	–	–	–
		News-Chronicle	T	–	1	–	–	–	–
St. Catharines	103,000	*Standard*	–	Bur	–	1	2	–	3
Saint John	103,000	*Telegraph-Journal* and *Times-Globe*	Irv	–	2	–	1	1	4

Table 9. Distribution of Daily Newspapers According to Size, Nature of Ownership and Mixed-Media Interest
Communities of 30,000 – 100,000

			Ownership		Number of		Broadcasting Interests		Total Mixed Media
Community	Population	Newspaper	Group	Independent	Group	Independent	Radio	Television	
Oshawa	87,000	*Times*	T	–	1	–	–	–	–
Sherbrooke	83,000	*La Tribune*	Des, Par, Fra	–	1	–	–	–	–
		Record	–	Black, Radler, White	–	1	–	–	–
Sault Ste. Marie	78,000	*Star*	–	Sault Star Ltd.	–	1	–	–	–
Brantford	63,000	*Expositor*	–	Preston	–	1	–	–	–
Kingston	63,000	*Whig-Standard*	–	Dvs	–	1	–	–	–
Welland – Port Colborne	61,000	*Tribune*	T	–	1	–	–	–	–
Niagara Falls	61,000	*Review*	–	Leslie	–	1	–	–	–
Trois-Rivières	60,000	*Le Nouvelliste*	Des, Par, Fra	–	1	–	–	–	–
Sarnia	59,000	*Observer*	T	–	1	–	–	–	–
Peterborough	58,000	*Examiner*	T	–	1	–	–	–	–
Guelph	57,000	*Mercury*	T	–	1	–	–	–	–
Oakville	53,000	*Daily Journal-Record*	Tor	–	1	–	–	–	–

North Bay	51,000	*Nugget*	S	–	1	–	–	–	–
Cornwall	47,000	*Standard-Freeholder*	T	–	1	–	–	–	–
Moncton	47,000	*L'Évangéline*	–	L'Évangéline Ltée	–	1	–	–	–
		Times and *Transcript*	Irv	–	2	–	–	1	3
Brampton	41,000	*Daily Times* and *Conservator*	T	–	1	–	–	–	–
Lethbridge	39,000	*Herald*	FP	–	1	–	–	–	–
Granby	37,000	*La Voix de L'Est*	Des, Par, Fra	–	1	–	1	–	2
Galt	34,000	*Evening Reporter*	T	–	1	–	–	–	–
Belleville	33,000	*Intelligencer*	–	Morton	–	1	2	–	3
Moose Jaw	33,000	*Times-Herald*	T	–	1	–	–	–	–
Chatham	33,000	*News*	T	–	1	–	–	–	–
Sydney	33,000	*Cape Breton Post*	–	Duchemin	–	1	–	–	–
Brandon	30,000	*Sun*	–	Sun Publication Ltd. (49% S)	–	1	–	–	–
Red Deer	30,000	*Advocate*	–	Liverpool Post & Echo (UK)	–	1	–	–	–

Table 10. Distribution of Daily Newspapers According to Size, Nature of Ownership and Mixed-Media Interests
Communities Under 30,000

Community	Population	Newspaper	Ownership		Number of		Broadcasting Interests		Total Mixed Media
			Group	Independent	Group	Independent	Radio	Television	
Prince George	29,000	*Citizen*	S	–	1	–	–	–	–
Timmins	29,000	*Press*	T	–	1	–	–	–	–
Corner Brook	29,000	*Western Star*	T	–	1	–	–	–	–
Medicine Hat	28,000	*News*	S	–	1	–	–	–	–
Prince Albert	27,000	*Herald*	T	–	1	–	–	–	–
Kamloops	27,000	*Daily Sentinel*	T	–	1	–	–	–	–
Barrie	26,000	*Examiner*	T	–	1	–	–	–	–
Woodstock	25,000	*Sentinel-Review*	T	–	1	–	–	–	–
Fredericton	24,000	*Gleaner*	Irv	–	1	–	–	–	–
Stratford	24,000	*Beacon-Herald*	Dingman Estate	–	1	–	–	–	–
St. Thomas	24,000	*Times-Journal*	Dingman Estate	–	1	–	–	–	–
Orillia	21,000	*Packet & Times*	T	–	1	–	–	–	–
Brockville	20,000	*Recorder & Times*	–	MacNaughton in trust	–	1	–	–	–
Kelowna	20,000	*Courier*	T	–	1	–	–	–	–

Charlottetown	19,000	*Guardian*	T	–	1	–	–	–	–
		Patriot	T	–	1	–	–	–	–
Thompson	*19,000*	*Citizen*	–	Precambrian Press	–	1	–	–	–
Owen Sound	18,000	*Sun-Times*	S	–	1	–	–	–	–
Nanaimo	17,000	*Free Press*	T	–	1	–	–	–	–
Penticton	17,000	*Herald*	T	–	1	–	–	–	–
Prince Rupert	17,000	*News*	–	Northwest Publica-tions	–	1	–	–	–
Pembroke	16,000	*Observer*	T	–	1	–	–	–	–
Kirkland Lake	16,000	*Northern News*	T	–	1	–	–	–	–
Truro	13,000	*News*	Bowes	–	1	–	–	–	–
Portage La Prairie	13,000	*Daily Graphic*	–	Vopni	–	1	–	–	–
Grande Prairie	13,000	*Herald Tribune*	Bowes	–	1	–	–	–	–
Trail	13,000	*Times*	Grn	–	1	–	–	–	–
Lindsay	12,000	*Post*	–	Wilson	–	1	–	–	–
Flin Flon	10,000	*Reminder*	–	Dobson	–	1	–	–	–
Wallaceburg	10,000	*News*	Bowes	–	1	–	–	–	–
Simcoe	10,000	*Reformer*	–	Diverse	–	1	–	–	–

Table 10. Distribution of Daily Newspapers According to Size, Nature of Ownership and Mixed-Media Interests
Communities Under 30,000 (Continued)

Community	Population	Newspaper	Ownership Group	Ownership Independent	Number of Group	Number of Independent	Broadcasting Interests Radio	Broadcasting Interests Television	Total Mixed Media
Nelson	10,000	*Daily News*	Grn	–	1	–	1	–	2
Dauphin	9,000	*Bulletin*	Bulletin Pub-lications Ltd.	–	–	1	–	–	–
Port Hope	9,000	*Guide*	–	Murray	–	1	–	–	–
Cranbrook	8,000	*Daily Townsman*	–	Atkinson	–	1	–	–	–
Kimberley	6,000	*Daily Bulletin*	–	Taylor	–	1	–	–	–
Fort Frances	5,000C	*Daily Bulletin*	–	Diverse	–	1	–	–	–
Sioux Lookout	3,000C	*Daily Bulletin*	–	Houston	–	1	–	–	–

There are 116 general-interest daily newspapers published in Canada, 118 if the *Daily Racing Form* and *Daily Construction News* are included. Of the 116, forty-six are published in metropolitan cities, twenty-eight in communities with a population between 30,000 and 100,000 and forty-two in communities with less than 30,000 population.

According to Professor W. H. Kesterton[1] sixty-six dailies were published in eighteen towns or cities with more than two newspapers around the turn of the century. By 1958, only fourteen out of ninety-nine general-interest dailies were published in four cities with more than two newspapers.

Today there are five cities in which more than two newspapers are published, representing a total of twenty-three dailies. There are six in Montreal, (four of which are French-language), six in Vancouver (if the four relatively small suburban dailies of the Columbian group are included); four in Toronto (including the new Italian-language daily); four in Quebec (one English-language and three French-language), and three in Ottawa, (one of them French-language).

Professor Kesterton estimates there were eighteen communities with more than two papers in 1900. In 1958, there were four and today there are five, if the suburban papers of Vancouver are included. In 1900, there were seventeen communities with two dailies and, by 1958, this total had declined to eleven. Today there are ten communities with two daily newspapers, a number of which are jointly owned.

There are fifteen Canadian communities in which two or more dailies are published, but only ten in which two or more are published by separate owners.

The fifteen communities in which two or more dailies are published are: Victoria, Vancouver, Calgary, Winnipeg, Thunder Bay, Toronto, Ottawa, Montreal, Sherbrooke, Quebec City, Moncton, Saint John, Halifax, Charlottetown, and St. John's.

In five of these communities – Halifax, Victoria, Thunder Bay, Saint John, and Charlottetown – the two papers are published by the same owner. In Moncton and Sherbrooke, there is only limited competition between the two papers because in each community one is published in French and the other in English.

Out of eleven of the largest cities in Canada, groups have a monopoly in seven – Hamilton, Edmonton, Victoria, Regina, Saskatoon, Sudbury, and Saint John.

In three of the fifteen cities with two or more papers, competition exists only between group-owned newspapers – Ottawa, Winnipeg and Calgary. In Vancouver, the Columbian Group provides only limited competition for the Vancouver *Sun* and *Province,* respectively controlled by F.P. Publications and Southam Press, which are jointly published by Pacific Press, in which the two groups share ownership equally.

In the ten communities with two or more papers published by separate owners, groups control one of the papers in seven communities. There are only three cities in Canada in which there is major competition involving at least one independent paper – Montreal, Quebec City, and St. John's.

There are seventy-two Canadian communities in which one daily is published compared to sixty-seven communities in 1958. There are fifty-six communities with

[1] Cited above.

populations exceeding 10,000 which have no daily newspapers and four communities with populations between 30,000 and 100,000 without a daily.

For the purpose of this analysis, the Toronto *Star,* the *Telegram* of Toronto, and the Montreal *Star* are regarded as groups. The Toronto *Star* is included because of its ownership of the Oakville daily and eleven weekly newspapers and also because of the interest it shares with Southam in Southstar Publishers Limited. The latter publishes *The Canadian Magazine,* which is distributed by thirteen daily newspapers as a weekend supplement, *The Canadian Star Weekly* and *Canadian Homes.*

The *Telegram* has been included because of the widespread interest of its two principals – John Bassett and John David Eaton (through trusts created for their respective children) – in other non-media enterprises and a number of suburban weeklies around Toronto. Station CFTO-TV, and CKLW-TV, which are also controlled in the same way, have also been classified as part of a group operation for the same reason.

The Montreal *Star* comes within the definition of a group because of its interest in *Weekend* and *Perspectives,* two weekly supplements, the latter distributed by a number of French-language newspapers which also share ownership in the publishing company. The Montreal *Star* also qualifies because of the conglomerate interests of the McConnell family, which controls the newspaper.

Out of the total of 116 daily newspapers published in Canada, seventy-seven are controlled by groups, thirty-nine by independents. Table 11 shows the number of dailies published by each group owner. It includes those which are defined as forming part of this category because of media interests in more than one of the selected communities, or interests of a conglomerate nature, even though they may publish only one daily newspaper.

Table 12 shows the number of papers owned by groups in each province. It also lists the number of papers controlled by each group by province, together with total group ownership, the total circulation of the papers published by each group by province and the proportion it represents of the total circulation for all daily papers published in the province.

Table 11. Number of Papers Published by Group Owners

Thomson	30
Southam	11*
F.P. Publications	8
Desmarais Parisien, Francœur	4
Irving	5
Columbian	4
Toronto Star	2
Sifton	2
Peladeau	2
Telegram	1
Green	2
Montreal Star	1
Bowes	3
Dingman Estate	2
	77

*Also has substantial minority interest in the London *Free Press,* Kitchener-Waterloo *Record,* and Brandon *Sun.*

Table 12. Number of Newspapers Owned by Groups by Province

Total Number Papers	Total Group			Total Paid Circulation	Per Cent of Total Paid Circulation
		British Columbia		534,808	
		4	Thomson Newspapers	33,267	6.2
		2	Southam Press	122,764	23.0
18	15	3	F.P. Publications	327,631	61.3
		4	Columbian	26,525	5.0
		2	Green	15,142	2.8
					98.3
		Alberta		330,178	
7	6	3	Southam Press	258,959	78.4
		2	F.P. Publications	56,226	17.0
		1	Bowes	4,628	1.4
					96.8
		Saskatchewan		133,292	
4	4	2	Thomson Newspapers	17,507	13.1
		2	Sifton Newspapers	115,785	86.9
					100.0
		Manitoba		240,510	
7	2	1	Southam Press	78,024	32.4
		1	F. P. Publications	134,409	55.9
					88.3
		Ontario		2,024,928	
		18	Thomson Newspapers	276,970	13.7
		4	Southam Press	254,683	12.6
48	30	2	F. P. Publications	336,904	16.7
		2	Toronto Star	395,210	19.6
		1	Telegram	242,805	12.0
		1	Bowes	3,000	0.2
		2	Dingman Estate	21,298	1.1
					75.9
		Quebec (French)		750,723	
		4	Desmarais, Parisien, Francoeur	319,770	42.6
		2	Peladeau	60,045	8.0
					50.6
		Quebec (English)		343,739	
		1	Thomson Newspapers	4,523	1.3
14	9	1	Southam Press	134,934	39.3
		1	Montreal Star	195,696	56.9
					97.5
		New Brunswick		112,622	
6	5	5	K.C. Irving	104,442	92.7
		Nova Scotia		165,148	
6	2	1	Thomson Newspapers	10,055	6.1
		1	Bowes	4,859	2.9
					9.0
		Prince Edward Island		28,790	
3	2	2	Thomson Newspapers	20,892	72.6
		Newfoundland		46,127	
3	2	2	Thomson Newspapers	37,401	81.1

Groups account for just over 95 per cent of the total circulation in British Columbia and Alberta, 100 per cent in Saskatchewan, 88.3 per cent in Manitoba, 75.9 per cent in Ontario. In Quebec, group newspaper circulation represents 50.6 per cent of the total for all French-language newspapers in the province and 97.5 per cent of the English-language newspapers. In New Brunswick, 92.7 per cent of the circulation is accounted for by the five English-language dailies controlled by K.C. Irving. In P.E.I., the two Thomson papers account for 72.6 per cent of the circulation. In Nova Scotia groups represent only 9.0 per cent of the provincial circulation. Two out of three dailies in Newfoundland are group-owned and account for 81.1 per cent of total circulation in the province.

In 1958, the three major groups that dominated the newspaper field – Southam, Sifton, and Thomson – controlled papers with a combined circulation of 950,000 which was about 25 per cent of daily newspapers in Canada at the time. In 1959 the Sifton daily newspapers split into F.P. Publications and Sifton under the separate management of two branches of the Sifton family.

Eleven years later, the circulation under the control of these now four groups has increased from 950,000 to about 2,221,000 and the proportion from 25 per cent to 47.2 per cent. The three major groups – Thomson, Southam, and F.P. Publications – account for over 2,000,000 and 44.7 per cent of this circulation derived from owning forty-nine of the 116 dailies in Canada.

This increase in the proportion of circulation controlled by these three major groups alone during a period of only eleven years sharply underlines the nature of the accelerating trend toward increasing concentration of daily newspaper ownership.

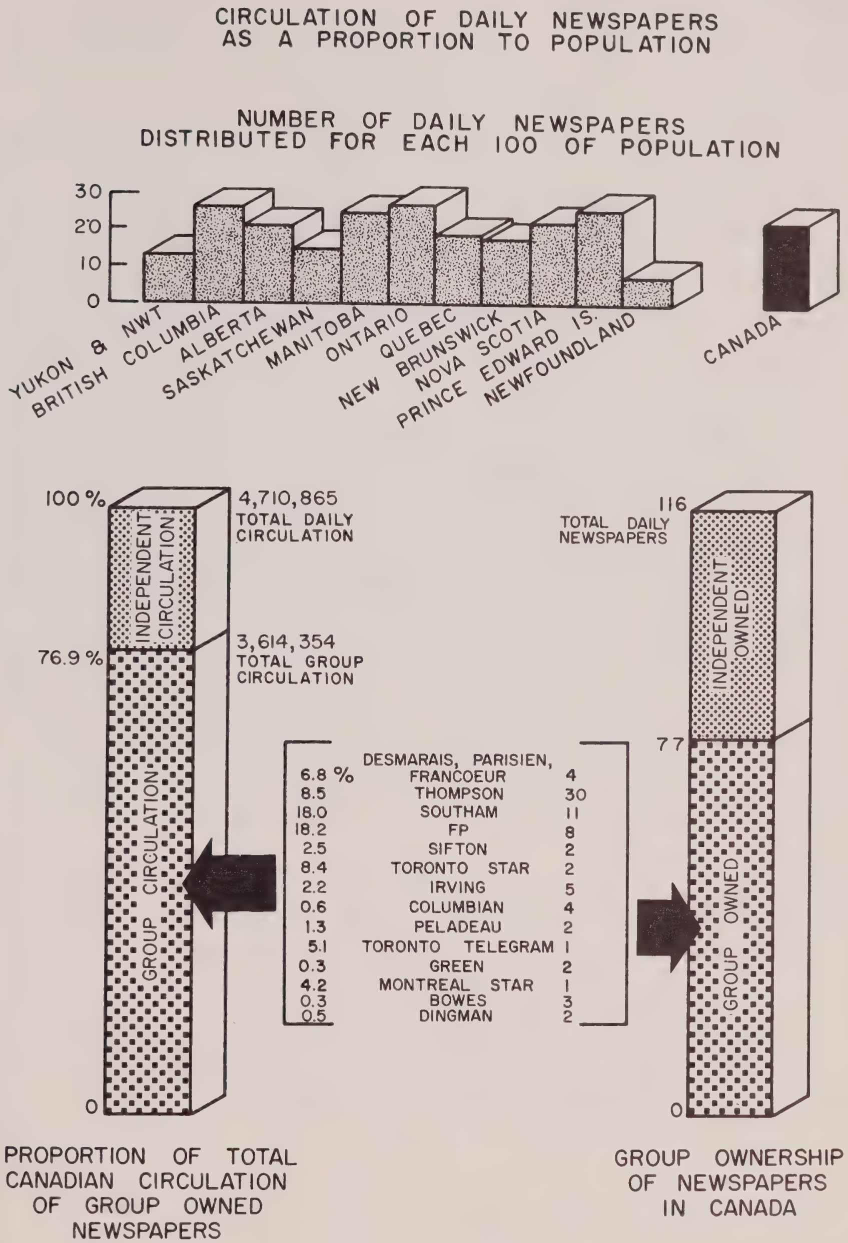
The proportion of daily newspaper circulation controlled by all groups as defined in this study is listed in Table 13. The total of 77.0 per cent under group control brings into graphic relief the extent to which the newspaper industry has become dominated by groups with multi-media interests, conglomerate interests – or both. Chart 1 relates numbers of group-owned papers to circulation.

Table 13. Proportion of Daily Newspaper Circulation

Group	Circulation	Per Cent of Canadian Total
Desmarais-Parisien-Francoeur	319,770	6.8
Thomson	400,615	8.5
Southam	849,364	18.0
F. P.	855,170	18.2
Sifton	115,785	2.5
Toronto Star	395,210	8.4
Irving	104,442	2.2
Columbian	26,525	.6
Péladeau	60,045	1.3
Telegram	242,805	5.2
Green	15,142	.3
Montreal Star	195,696	4.2
Bowes	12,487	.3
Dingman Estate	21,298	.5
Total Group Circulation:	3,614,354	77.0
Total Canadian Circulation:	4,710,865	

Chart 1

CIRCULATION OF DAILY NEWSPAPERS IN PROPORTION TO POPULATION.



Although the Thomson group has by far the largest number of daily newspapers in Canada, thirty, the total circulation of these papers is less than half that of both the Southam and F.P. groups. Generally speaking, the Thomson papers are published in relatively small Canadian communities, the only papers in a metropolitan area being the Sudbury *Star*, with a circulation of 35,362, the two Thunder Bay papers with a combined circulation of 32,871 and the Quebec *Chronicle-Telegraph*, with a circulation of less than 5,000.

By contrast, the newspapers in the F.P. and Southam groups are concentrated heavily in the major centres of population from Victoria to Montreal.

In Victoria, the two daily newspapers are published by F.P. In Vancouver, the *Sun* is owned by F.P., the *Province* by Southam, and both are published by Pacific Press, in which the two groups share ownership on a fifty-fifty basis.

These same two groups also dominate the newspaper field in both Alberta and Manitoba. The sole daily in Edmonton, the *Journal*, is published by Southam, while in Calgary each group publishes one of the papers. The same is true in Winnipeg, the only large centre of population in Manitoba.

The Clifford Sifton family controls the only dailies in the two major centres of population in Saskatchewan, Regina and Saskatoon.

In Ontario, newspaper ownership is far more diverse than in the western provinces, but F.P. and Southam play a major role in the larger metropolitan areas. F.P. publishes the *Globe and Mail* (Toronto), the largest morning newspaper in Canada. Southam owns the only daily in Hamilton, the *Spectator*, and in Ottawa, the two English-language dailies are also published by F.P. and Southam.

In Montreal, where a substantial degree of competition continues to exist, the only English-language morning newspaper, *The Gazette*, has become part of the Southam Group. Among French-language newspapers in Quebec, Paul Desmarais has come to assume a major position. He controls *La Presse* of Montreal, the largest French-language daily, and owns 46.6 per cent of Les Journaux Trans-Canada Limitée, the publisher of *Le Nouvelliste* in Trois-Rivières, *La Tribune* in Sherbrooke, and *La Voix de L'Est* in Granby, together with a number of weekly newspapers.

There is a substantial degree of concentration of ownership in New Brunswick, where all five of the English-language dailies are controlled by K.C. Irving. The only other daily, *L'Évangeline* of Moncton, is an independently-owned French-language newspaper (in which Irving interests regularly place extensive advertising).

In Nova Scotia, two of six dailies are group owned. In Charlottetown, the capital of Prince Edward Island, the morning and afternoon newspapers are published by the Thomson Group, as are the largest of two newspapers in St. John's and the only other daily, the *Western Star* in Corner Brook, Newfoundland.

Chapter 3:

MAJOR BROADCASTING AND MIXED-MEDIA OWNERSHIP PATTERNS

INTRODUCTION

The ownership of broadcasting interests, particularly of radio stations, is considerably more diverse than that of newspapers. Large companies with widespread interests in broadcasting have assumed an important position in many of the larger communities, however, and there appears to be an accelerating trend toward the increased concentration of ownership within these groups.

Over the last decade, nearly a dozen television stations that were once controlled by local interests or in which local interests had a substantial minority interest, have come under the control of major broadcasting groups. Table 14 lists, by community, television stations under group control or in which groups have a substantial ownership interest.

In British Columbia, CHAN-TV in Vancouver and CHEK-TV in Victoria, both previously separately and independently controlled, have been taken over by the British Columbia Television Broadcasting System Limited, in which Western Broadcasting Company, Selkirk and Famous Players divide individual minority interests. Between them, Selkirk and British Columbia Television – in which Selkirk also has a substantial minority interest, have assumed the two-thirds holdings previously held by local persons in Okanagan Valley Television Company Limited. This company operates CHBC-TV in Kelowna, which has satellite stations in Penticton and seven other British Columbia communities.

In Alberta, Maclean-Hunter and Selkirk have taken over control of the two television stations in Calgary, CFCN-TV and CHCT-TV respectively, both of which were originally controlled by local interests. In Lethbridge, CJLH-TV, in which ownership was once divided between the Lethbridge *Herald* and Selkirk, is now wholly owned by Selkirk.

In Thunder Bay, Ontario, control of CKPR-TV has shifted from an independent local interest to the Dougall family, which controls two radio stations in the same community and also has an interest in radio stations in Dryden, Kenora, and Fort Frances. CFCH-AM and CFCH-TV in North Bay shifted from local ownership to control by Thomson and then to Bushnell communication Ltd.

Table 14. Television Stations Under Group Control or in Which Groups Have Substantial Interest

Province	Total Stations (Including Satellites)	Total Group Stations	Community	Station	Indicated Control	Circulation	Per Cent of Provincial Circulation	Per Cent of Total Circulation Controlled by Group
British Columbia	14	8	Kelowna	CHBC-TV	B-B, Slk, BCT	152,100	11.8	57.4
			Penticton	CHBC-TV	B-B, Slk, BCT	(This circulation		
			Vernon	CHBC-TV	B-B, Slk, BCT	figure also includes CFRC-TV Kamloops)		
			Prince George	CKPG-TV	Van	58,900	4.6	
			Prince Rupert	CFTK-TV	Skn			
			Terrace-Kitimat	CFTK-TV	Skn	53,400	4.1	
			Vancouver	CHAN-TV	WBC, Slk, Fpl, BCT	375,900	29.1	
			Victoria	CHEK-TV	WBC, Slk, Fpl, BCT	101,000	7.8	
Alberta	10	4	Calgary	CFCN-TV	M - H	314,300	21.5	40.6
				CHCT-TV	Slk	206,000	14.1	
			Lethbridge	CJLH-TV	Slk	72,400	5.0	
				CFCN-TV	M-H (Partial relay from M-H Calgary)			
Saskatchewan	9	3	Prince Albert	CKBI-TV	Rwl	91,700	10.0	30.8
			Regina	CKCK-TV	Sft	191,100	20.8	
			Moose Jaw	CKMJ-TV (Satellite CKCK)	Sft			
Manitoba	7	1	Winnipeg	CJAY-TV	Mof-Mis	325,000	33.9	33.9
Ontario	26	13	Barrie	CKVR-TV	CHM-Snl	219,200	3.6	57.6
			Hamilton	CHCH-TV	S-Slk	819,800	13.5	
			Kingston	CKWS-TV	Bsh	139,600	2.3	
			Timmins	CFCL-TV	Lvn	129,000	2.1	

			Thunder Bay	CKPR-TV	Dgl	87,000	1.4	
			North Bay	CFCH-TV	Bsh	60,400	1.0	
			Ottawa	CJOH-TV	Bsh	338,300	5.6	
			Cornwall	CJSS-TV (Satellite CJOH)	Bsh			
			Peterborough	CHEX-TV	Bsh	119,800	2.0	
			Sault Ste Marie	CJIC-TV	Hy	67,000	1.1	
			Sudbury	CKSO-TV	Cmb	174,500	2.9	
			Toronto	CFTO-TV	BsE	1,222,200	20.1	
			Windsor	CKLW-TV	BsE-CBC	121,400	2.0	
Québec (Eng. and French)	17	11	Carleton	CHAU-TV	Des-Prt-Brl	122,500	1.9	
			Jonquière	CKRS-TV	Lpg-Ba	151,800	2.4	35.3
			Chicoutimi	CKRS-TV (Satellite)	Lpg-Ba			
			Montreal	CFCF-TV	Bsh	559,000	8.7	
			Quebec City	CFCM-TV (Fr)	Fpl-BaP	537,500	8.3	
				CKMI-TV	Fpl-BaP	54,700	0.8	
			Matane	CKBL-TV	Lapointe	104,700	1.6	
			Rimouski	CJBR-TV	Beau	128,400	2.0	
			Rivière du Loup	CHRT-TV	Sim	82,700	1.2	
			Sherbrooke	CHLT-TV	Beau	411,200	6.4	
			Rouyn-Noranda	CKRN-TV	Gou	126,600	2.0	
New Brunswick	5	4	Moncton	CKCW-TV	Lyn	208,600	39.2	94.9
				CHMT-TV (Satellite CHSJ)	Irv			
			Saint John	CHSJ-TV	Irv	296,200	55.7	
				CKLT-TV (Satellite CKCW)	Lyn			
Nova Scotia	4	1	Halifax	CJCH-TV	CTV Network (Slk-WBC minority interest)	236,100	38.1	38.1
Prince Edward Island	1	0	Charlottetown	CBCT-TV				
Newfoundland	3	1	St. John's	CJON-TV	Stl	184,400	46.2	46.2

In Barrie, CKVR-TV, originally controlled by Ralph Snelgrove, has come under the control of Allan Waters of CHUM, with Snelgrove retaining only a minority interest.

In Quebec, CHLT-TV in Sherbrooke, CJBR-TV in Rimouski, both came under the control of the Power Group and then were transferred to Télémédia (Québec) Limitée (Beaubien).

CJCH-TV in Halifax, originally controlled by local interests, is now under the control of the CTV Network, with Selkirk and Western Broadcasting sharing a 25 per cent interest.

The present pattern of ownership is infinitely more tangled in broadcasting than in daily newspapers – in part because of the substantial number of stations involved, in part because ownership is frequently divided among a number of individuals and/or corporate interests.

There are a number of groups with widespread interests in broadcasting, some of which also have extensive publishing interests – such as Southam and Maclean-Hunter. Until July of 1970, Thomson and Power Corp. also had extensive broadcast interests but these have been sold with the C.R.T.C.'s approval to Bushnell Communications Limited and Télémédia (Québec) Limitée.

A number of public companies have been moving aggressively in recent years to increase their broadcasting holdings. These include the Western Broadcasting Company, controlled by Frank Griffiths, Maclean-Hunter, Selkirk Holdings (in which Southam has 30 per cent voting interest), CHUM Limited and Bushnell Communications.

Standard Broadcasting, with major radio stations in Toronto and Montreal (CFRB and CJAD, respectively), continues its long struggle for permission from the regulatory authority to establish a television station in Toronto, as well.

Famous Players Canadian Corporation Limited has massive interests in radio and television and cable TV, but it has been ordered to divest itself of much of its broadcasting holdings to comply with federal foreign ownership regulations.

Starlaw Investments Limited, the beneficial owner of the Montreal *Star* and Montreal Standard Publishing Co. Ltd., has applied for the licence to operate Cable TV Ltd., a Famous Players system in Montreal.

In addition to the public companies, there are also a number of private family groups with major broadcasting interests throughout Canada. They include Bromley-Browne, Moffat, Dougall, Rawlinson, the Clifford Siftons, Rogers, Stirling, Flock, Baribeau et Fils, Inc., La Societe Lepage Inc., Pratte, Lavigne, Tietolman and Irving.

A later section will include a listing of the media interests of each of the major groups.

A SYNOPTIC VIEW OF MEDIA OWNERSHIP PATTERNS IN THE MAJOR CENTRES OF EACH PROVINCE

BRITISH COLUMBIA

Between them, a number of groups play a leading role in broadcasting in British Columbia. Among the most important are Selkirk Holdings Limited, (in which Southam Press holds 30 per cent of the voting stock to give it the largest single interest), and Western Broadcasting Company, controlled by Frank Griffiths. Southam controls the Vancouver *Province* and has a half-interest in Pacific Press which publishes both the *Province* and the Vancouver *Sun,* controlled by F. P. Publications. The latter owns the two Victoria dailies.

Selkirk controls radio stations in Vancouver, Vernon and Victoria, while Western Broadcasting has two radio stations in Vancouver. As indicated earlier, Famous Players, Selkirk and Western Broadcasting control British Columbia Television Broadcasting System Limited, which owns the two private television stations in Vancouver and Victoria. British Columbia Television and Selkirk independently each share a substantial minority interest with the Bromley-Browne family in Okanagan Valley Television Co. Ltd., which owns the television stations in Kelowna and Penticton.

Skeena Broadcasters Limited has a primary television station in Terrace-Kitimat, a relay in Prince Rupert and a number of other smaller British Columbia communities and radio stations in Prince Rupert, Kitimat and Terrace.

Between them, the eight group-owned television stations – of a total of fourteen – accounted for 57.4 per cent of the daily night-time circulation of B.C. stations estimated by the Bureau of Broadcast Measurement for the survey period in November, 1969.

ALBERTA

Southam-Selkirk, Maclean-Hunter and Moffat Broadcasting Limited, together with the Rawlinson family, dominate radio and television in Alberta.

Southam, which publishes one of two papers in Calgary and the only daily in Edmonton and in Medicine Hat, has a direct 40 per cent interest in CFAC-AM (Calgary) and CFRN-AM and CFRN-FM (Edmonton) and the remaining 60 per cent of these stations is held by Selkirk Holdings in which Southam has a 30 per cent interest. Selkirk also controls radio stations in Grande Prairie and Lethbridge and one of the two television stations in both Calgary and Lethbridge. The other television station in both these cities is controlled by Maclean-Hunter, which also has a radio station in Calgary.

In all, four out of ten television stations in the listed communities are controlled by these groups, which had 40.6 per cent of the circulation in the BBM survey period.

SASKATCHEWAN

In Saskatchewan, the Sifton group has major holdings in the two major daily newspapers and broadcasting, with the Rawlinson family forming the other predominant interest in broadcasting.

The Sifton family owns the only newspaper in Regina, one of five radio stations and one of two television stations, the other having been acquired from Moffat Broadcasting Limited by the CBC early in 1969 at the direction of the C.R.T.C. In addition, the Sifton family owns the only daily newspaper in Saskatoon, the *Star-Phoenix*, and CKMJ-TV (Moose Jaw), a satellite of CKCK-TV (Regina).

The Rawlinson family controls a radio station in Regina and the single radio station and television station in Prince Albert.

The three group-owned television stations, out of a total of nine in the province, accounted for 30.8 per cent of the total daily night-time circulation in the BBM survey.

MANITOBA

Ownership of newspapers and broadcasting stations is widely dispersed among independent interests throughout most centres in Manitoba. Groups, however, play a leading part in Winnipeg. The two daily newspapers are owned by F.P. and Southam. In Brandon, Southam has a 49 per cent interest in the Brandon *Sun*. Western Broadcasting and Moffat each control two radio stations and Sifton owns one of a total of sixteen in the province. The only private television station in Winnipeg is 50 per cent owned by Moffat Broadcasting, the other two – one English and one French – by the CBC. Although there are seven primary television stations in Manitoba, the one station controlled by Moffat accounts for 33.9 per cent of the total daily night-time circulation.

ONTARIO

Ownership of the mass media in Ontario is so widely dispersed among so many communities that it defies any attempt to summarize its nature succinctly. What follows is a brief summary of the situation in 20 Ontario cities with populations of 50,000 or more.

Toronto

Three of the four daily newspapers are group-controlled – the Toronto *Star*, a publicly-owned company, through the share holdings of the present directors and Atkinson-Hindmarsh interests, the *Telegram* by John Bassett and John David Eaton through trust arrangements, and the *Globe and Mail* by F. P. Publications Limited. The only independent is the recently established Italian-language daily.

Seven out of 15 radio stations are group-controlled, two by Standard Broadcasting Corporation (which in turn is controlled by Argus Corporation), two by Rogers Broadcasting, two by CHUM (controlled by Allan Waters) and one by Maclean-Hunter.

The only private television station is also controlled by the Bassett-Eaton interests.

Ottawa-Hull

The two English-language dailies are group-owned by F.P. and Southam, the latter having a 38 per cent interest in two of the radio stations. *Le Droit* is an

independent French-language newspaper. Five out of the eleven radio stations are controlled by groups – two by CHUM; two by Télémédia (Québec) Limitée; and one by Raymond Crépault. The only private television station, CJOH-TV is owned by Bushnell Communications Limited.

Hamilton

The only daily newspaper is owned by Southam which also has a substantial indirect minority interest through Selkirk Holdings in the only television station, CHCH-TV, a non-network operation. Southam used to own 35 per cent of CHCH while Selkirk held 15 per cent. In keeping with its policy to consolidate its broadcast holdings in Selkirk, Southam sold its share. Selkirk also bought the remaining 50 per cent of other outstanding shares to gain 100 per cent control. One radio station each is owned by Rogers and Sifton and two by the Soble estate.

Windsor

The only newspaper, the Windsor *Star*, is independently owned. Four of the five radio stations are owned by groups – two by RKO, and two by Stirling. The television station was also controlled by RKO until it divested itself of its holdings to comply with the foreign ownership regulations of the federal government. The Bassett-Eaton group has acquired 75 per cent and CBC 25 per cent of the station, but the CBC is to buy out Bassett-Eaton in five years. RKO will, of course, have to sell its radio holdings as well. Recently it was announced that Baton Broadcasting (Bassett) had purchased these radio stations subject to C.R.T.C. approval.

London

The only daily, the London *Free Press*, two radio stations, and the only television station in the city are all controlled by the Blackburn family. Southam has a 25 per cent interest in London Free Press Holdings Limited, which has virtually all the shares of the broadcasting stations. Of the two other radio stations, one is 50 per cent owned by the Jeffery family and managed by the Thomson Group and one is controlled by H. J. McManus.

Kitchener-Waterloo

The single daily serving this community is independently owned by the Motz family, although Southam has a 48 per cent interest. Two of the four radio stations are owned by Maclean-Hunter, two by Carl Pollock – Mr. Pollock also controls the television station.

Sudbury

The Sudbury *Star* is controlled by Thomson. Two of the four radio stations and the television station are owned by Cambrian Broadcasting Limited, which is controlled by the Cooper, Miller and Plaunt families. J. C. Lavigne has been authorized to launch a new television station which will become operational in 1971.

St. Catharines

The only daily and two of the four radio stations are controlled by the Burgoyne family, the other two radio stations being controlled by other independent interests.

Thunder Bay

The two dailies published in this amalgamated community are owned by Thomson. Two of the four radio stations are owned by the Dougall family, which also controls the television station.

Oshawa

The daily newspaper is owned by Thomson and the two radio stations are commonly owned by local interests.

Sault Ste. Marie

The Sault Ste. Marie *Star* is independently owned. Two of the radio stations are controlled by Greco, a small group owner with other radio stations at Blind River and Elliot Lake, and two radio stations and the television station are independent and controlled through the Hyland estate.

Brantford

The daily, the *Expositor*, is independently owned, as are two radio stations.

Kingston

The Kingston *Whig-Standard* is owned by the Davies family, which used to share an interest in two out of six radio stations and the Kingston television station. These were sold together with other Davies-Thomson broadcast holdings to Bushnell Communications Limited in July 1970.

Welland – Pt. Colborne

The daily newspaper, the *Evening Tribune* is owned by the Thomson group. The single radio station is independently owned.

Niagara Falls

The one daily newspaper and one radio station in this city are independently and separately owned.

Sarnia

The single daily is owned by Thomson; one radio station is independently controlled and the other is owned by the Ivey family of London.

Peterborough

The Peterborough *Examiner* is Thomson-owned. CHUM and Snelgrove share control of one radio station. Davies-Thomson interests in the two other radio stations and the television station were bought by Bushnell Communications Limited.

Guelph

The newspaper, the *Mercury*, is owned by the Thomson group; the one radio station independently owned.

Oakville

The only newspaper, the *Daily Journal-Record*, is wholly owned by Toronto Star Limited, ownership having formerly been shared with Thomson. The single radio station is independently owned.

North Bay

The North Bay *Nugget* is owned and operated by Southam Press Limited. One radio station and the television station are owned by Bushnell Communications Limited at present but the C.R.T.C. has instructed Bushnell to sell these interests as soon as possible. One radio station in the community is independently owned.

QUÉBEC

Only fourteen daily newspapers are published in Quebec – compared to forty-eight in Ontario – and those fourteen papers are published in only five communities: Granby, Montreal, Quebec City, Sherbrooke, and Trois-Rivières. Nine of the total are group-owned. Paul Desmarais with Jean Parisien, through Gelco Enterprises, owns the largest French-language daily, *La Presse,* in Montreal. Les Journaux Trans-Canada Limitée, in which Mr. Desmarais has the largest shareholdings, also owns the only daily newspapers in Granby and Trois-Rivières and the only French-language paper in Sherbrooke. Two dailies are published by the Peladeau Group, one in Montreal and one in Quebec City. The Montreal *Star*, the Montreal *Gazette* (a Southam paper), and the Thomson-owned *Chronicle-Telegraph* (Quebec City) are the other group-owned dailies.

A total of twenty-nine of the forty-one radio stations in the surveyed communities in Quebec are group-owned, the highest proportion of any province in Canada. Seven of these stations are controlled by the newly formed Télémédia (Québec) Limitée which is controlled by Philippe de Gaspé Beaubien; five by Crépault; four by a combination of Baribeau-Pratte interests; two each by Standard Broadcasting, Stirling, Tietolman and Bushnell; one by a combination of Baribeau and the Lepage Société. Single stations are also owned by Desmarais-Parisien-Francœur, Simard, Gourd, and Lapointe. There are only six private, independently-owned stations, the remaining six being owned by the CBC.

The degree of concentration among groups is less in television. Eleven of seventeen stations are group controlled. Beaubien controls the television stations in Sherbrooke and Rimouski through Télémédia (Québec) Limitée. Desmarais has a substantial minority interest in CHAU-TV at Carleton, Quebec as does the Pratte group. The Lepage Société and the Baribeau interests control the station at Jonquière; Famous Players and Baribeau-Pratte control two television stations in Quebec City (one French, one English); and Bushnell, in July 1970, obtained C.R.T.C. approval to purchase CFCF-TV in Montreal.

The eleven group-controlled television stations accounted for 35.3 per cent of the total daily nighttime circulation in the BBM survey period.

NEW BRUNSWICK

As indicated previously, K. C. Irving has a dominant interest in the mass media of New Brunswick. He owns five of the six dailies, the sixth being the French-language *L'Evangeline* of Moncton. He owns one of four radio stations in Saint John. CHSJ-TV in Saint John, also Irving owned, has long covered a substantial part of New Brunswick, including Fredericton, the capital. CHSJ-TV recently installed a satellite in Moncton at the direction of the C.R.T.C., further extending the coverage of this station substantially. At the same time, the C.R.T.C. also ordered the installation in Saint John of a satellite of television station CKCW-TV in Moncton. The effect of the move is to make available alternative television service for the first time in a substantial part of the province, with the Moncton station becoming an affiliate of the CTV Network and CHSJ-TV remaining an affiliate of CBC. There is one French CBC-owned television station in the province. During the BBM survey period, CHSJ-TV had an estimated 55.7 per cent of the total daily nighttime circulation of the two stations then in operation and CKCW-TV had 39.2 per cent.

NOVA SCOTIA

There is only a relatively small degree of concentration of ownership of the mass media in Nova Scotia. Thomson's New Glasgow *News* and Bowes' Truro *News* are the only group-owned papers. The Dennis family controls the two Halifax dailies. Four of 13 radio stations are group owned, three of them by the Manning family, with one station in Amherst and two in Truro. The other group station is CJCH in Halifax, which is wholly owned by CHUM Ltd. CTV has the controlling interest in CJCH-TV, the only affiliate station controlled by the CTV Network with Selkirk and Western Broadcasting having significant minority shareholdings.

CJCH-TV, one of four television stations in the province, accounted for 38.1 per cent of the total daily nighttime circulation in the BBM survey.

PRINCE EDWARD ISLAND

The two daily newspapers in Charlottetown are Thomson-owned and a third, in Summerside, is independent. Of the three radio stations in the communities surveyed, two are independents and one is owned by the CBC. The only television station has recently been taken over by the CBC.

NEWFOUNDLAND

Two of the three Newfoundland dailies were acquired by Thomson from the Herder family in 1970 – the St. John's *Evening Telegram* and the Corner Brook *Western Star.* Two of seven radio stations in the communities surveyed are group owned, one by Butler, who has radio stations also in Grand Falls, Marystown and Gander, and the other by Stirling. Stirling also controls the only private television station in the province, CJON-TV (St. John's), the other two stations being owned by the CBC. CJON-TV had 46.2 per cent of the total daily night-time circulation during the BBM survey period.

IN PERSPECTIVE

The extent of ownership concentration of the mass media should not be regarded as a Canadian phenomenon. It is a reflection of a trend that has been evident in a number of other countries. This is particularly true of the United States. In fact, the trend may not have progressed as far in Canada as the United States, in part because of the ownership of a number of publicly owned radio and television stations by the CBC.

As of 1967, there were only five American cities, according to Arthur B. Hanson, General Counsel of the American Newspaper Publishers Association,[1] in which three or more dailies were published. (There were fifteen newspapers published in New York at the turn of the century; today there are three.) There are the same number of cities in which this is true today in Canada. Mr. Hanson told the U.S. Senate Sub-committee there were thirty-seven cities in which two separately-owned newspapers were published, which compares favourably with the 10 cities in which two or more separately-owned dailies are published in Canada today. Out of some 1,600 cities with dailies, 96 per cent were controlled by a single newspaper management.

In twenty-three American cities, there were two papers published under a joint publishers' arrangement in late 1967, a situation that in Canada exists today only in Vancouver.

In *The First Freedom* by Bryce W. Rucker,[2] it is estimated that chains (companies with interests in two or more of the same mediums in different communities) controlled 871 out of 1,761 daily newspapers in the United States as of mid-1967, 49.3 per cent. This is a narrower definition than has been adopted here for a group and so is not directly comparable to the situation in Canada.

Rucker calculated that in 1960 the rate of growth of chain ownership amounted to 12.5 per cent per annum. By 1962, the rate had increased to 33 per cent and by 1967 amounted to 46.2 per cent. As of that year, he calculated that the chains controlled 61.8 per cent of the total daily newspaper circulation of the United States and owned 19 out of the twenty-five largest newspapers south of the border.

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[1] Testimony before Sub-Committee on Anti-Trust and Monopoly of the Committee on the Judiciary of the U.S. Senate, Ninetieth Congress, July 1967, Part 1, p. 43.

[2] Cited above.

As in Canada, there are also extensive multiple interests in broadcasting. Rucker estimated that 373 chains in 1967 controlled 1,297 AM radio stations out of a total of 4,130, a total of 31.4 per cent and 31 per cent of the FM stations, as well.

He maintained that chains controlled 73.6 per cent of all commercial television stations and the average number of stations held by each chain amounted to 3.9. In early 1967, newspapers held interests in one-third of the VHF television stations and 22 per cent of the UHF stations, according to Rucker. There was a newspaper-television monopoly in twenty-seven cities and in another twenty-seven cities the owner of the only daily newspaper had a financial interest in the only TV station. In another seventeen cities the owner of the only daily had an interest in one of two television stations. In sum, 81.3 per cent of American VHF television stations and 62.8 per cent of UHF stations were owned by broadcasting chains, newspaper interests or both. Out of 156 VHF stations in the top fifty markets in the United States, representing 75 per cent of all television households, 81.5 per cent were controlled by chains. Only 5.13 per cent were owned by broadcasters with no other media or other special interests. In March, 1969, the New York *Times* reported that 155 publishers had a financial stake in 260 out of 496 commercial television stations. Of these, 160 were wholly owned by publishing interests.

According to the Federal Communications Commission, there were seventy-three communities in late 1967 in which one person or company controlled all of the local newspaper and broadcasting outlets.

While it is by no means exhaustive, nor even directly comparable with the Canadian experience, the brief survey of the situation in the United States makes it clear that the extent of ownership concentration among the media and the problems this may generate is by no means unique to Canada.

Chapter 4:

PROFILES OF MULTI-MEDIA OWNERS

INTRODUCTION

This chapter contains brief profiles, arranged alphabetically, of twenty groups holding extensive media interests in Canada. In some cases, non-media interests are also included.

Those groups studied are: Bassett-Eaton; Bushnell Communications Limited; CHUM Limited; Raymond Crépault; Desmarais-Parisien-Francoeur; Dougall Family; F.P. Publications Limited; K. C. Irving; Maclean-Hunter Limited; McConnell Family; Moffat Broadcasting Limited; Pratte-Baribeau-Lepage; Rogers Broadcasting Limited; Sifton; Southam-Selkirk; Standard Broadcasting Corporation Limited; Télémédia (Québec) Limitée; Thomson; Toronto Star Limited; Western Broadcasting Company Limited.

In September, 1968, the Governor General in Council issued a direction to the Canadian Radio-Television Commission which had the effect of limiting foreign ownership in any broadcasting undertaking to 20 per cent. The effective date of the order has twice been extended to allow ample opportunity for companies with foreign investors to comply.

Two groups with sizeable holdings are still in the process of divesting: Famous Players Canadian Corporation which is controlled by Gulf and Western Industries Inc. of Houston, Texas; and Columbia Broadcasting System which with a number of Canadian associates, has considerable holdings in cable.

Profiles on these two groups have not been included in this study because while both groups are in the process of divesting themselves of some or all of their Canadian broadcasting holdings, the process involves many separate transactions which must be approved by the C.R.T.C. Until this process is complete, the ownership of these holdings is unclear.

This information was obtained from a variety of official public sources and in some cases from group owners themselves. Circulation figures for publications are drawn from *Canadian Advertising Rates and Data* (December, 1969). Newspaper circulation represents daily average excluding bulk. Magazine and weekly newspaper information includes paid and non-paid circulation.

Broadcast circulation data are drawn from the 1969 BBM Coverage and Circulation Report of the survey conducted October 27 to November 9. They represent the number of people two years and over listening/viewing on an average daily basis. In the case of radio, day-time rates were used and for television night-time rates were used.

Cable circulation indicates the actual number of subscribing households and maximum potential number (in parentheses) in each licensed system. It should be noted that "maximum" indicates 100 per cent of current number of households and that this degree of penetration is extremely unlikely for a given system. This information was supplied to the Committee by the individual cable operators since the Official Secrets Act forbade its extraction from DBS annual reports, but it is the same as the information in these reports.

THE PROFILES

THE BASSETT-EATON GROUP

The Bassett-Eaton group is represented by the Telegram Corporation Limited. Shares are held in trust for the three sons of Toronto publisher John W.H. Bassett and the four sons of John David Eaton, recently retired head of Canada's largest retailer.

Through its wholly owned subsidiary, the Telegram Publishing Co. Limited, the corporation publishes the Toronto *Telegram.* Another subsidiary, Inland Publishing Co. Ltd., publishes seven weekly newspapers in the Toronto area, which have a total circulation of nearly 100,000.

The corporation owns 53.17 per cent interest in Baton Broadcasting Limited which operates CFTO-TV, Toronto's only private television station. It also controls 75 per cent of the shares of CKLW-TV in Windsor, the remaining interest being held by the CBC. Baton Broadcasting will be bought out by the CBC in 5 years by C.R.T.C. ruling.

Telegram Corporation Limited owns 50.52 per cent of the common shares of Glen-Warren Productions Limited, a company whose principal activity is the production of shows and commercials for television.

Glen-Warren Productions Limited used to hold 50 per cent of the common shares of Rogers Cable TV Limited. However, the C.R.T.C. ruled that the cable television licence held by Rogers Cable TV Limited would be renewed only on condition that Glen-Warren Productions Limited dispose of its shareholding. These shares have since been sold to the Rogers family.

Baton Broadcasting Limited also controls Israel Canada Productions, based in Tel Aviv and responsible for producing 80 per cent of Israeli television.

The corporation, through the Telegram Publishing Co. Limited, also holds a 19.7 per cent interest in Maple Leaf Gardens Limited, a company which owns Maple Leaf Gardens and the Toronto Maple Leaf Hockey Club, as well as a 31 per cent interest in Argonaut Football Club Limited which owns the Toronto Argonaut Football Club.

The non-media interests of the Eaton family are extensive, including a number of companies associated with the retail operations, as well as manufacturing and real estate.

Table 15. Media Interests of the Bassett-Eaton Groups

Media Interests	*Circulation*	*Extent of Interest*
Newspapers		
Dailies		
Telegram (Toronto, Ont.)	242,805	100%
Weeklies		
Guardian (Brampton, Ont.)	12,000	100%
Post (Burlington, Ont.)	19,850	100%
News (Mississauga, Ont.)	24,119	100%
Era (Newmarket, Ont.)	8,158	100%
Beaver (Oakville, Ont.)	16,200	100%
Tribune (Stouffville, Ont.)	6,106	100%
News Advertiser (Ajax-Whitby, Ont.)	11,000	100%
Broadcasting		
Television		
CFTO-TV (Toronto, Ont.)	1,222,200	53.17%
CKLW-TV (Windsor, Ont.)	121,400	75%

BUSHNELL COMMUNICATIONS LIMITED

On July 6, 1970 the C.R.T.C. gave approval to Bushnell Communications Limited to become one of the giants of Canadian broadcasting. The company's president is Stuart W. Griffiths.

Previously, the company's direct broadcasting interests were confined in the main to CJOH-TV in Ottawa and CJSS-TV in Cornwall. CJOH-TV is one of the prime producers of CTV network Canadian programming and is itself a CTV affiliate. It also had a minority interest in Skyline Cablevision Limited in Ottawa and held 75 per cent of Laurentian Cablevision Limited with a system in Hull.

In addition, Bushnell owned Carleton Productions Limited, which produces television commercials and programmes, and VTR Productions Limited, which provides television production facilities, and a sales representative company, Independent Canadian Television Sales Limited.

The C.R.T.C. decision approved Bushnell's purchase of the broadcasting holdings of Canadian Marconi – a pioneer of Canadian broadcasting – for a reported price of $22,700,000. These include CFCF-AM, CFQR-FM, CFCX (short-wave) and CFCF-TV in Montreal. Sale of these interests by the British-controlled company was precipitated by the federal order-in-council limiting foreign ownership of any broadcast undertaking to 20 per cent.

The approval was very important, apart from any other consideration, because it placed two major CTV affiliates and programme-production centres under the same direct control. This required the C.R.T.C. to overlook the policy laid down in 1966

Table 16. Media Interests of Bushnell Communications

	Circulation	Extent of Interest
Broadcasting		
Radio		
CFCF-AM (Montreal)	113,000	100%
CFCH-AM (North Bay)	42,400	100%[1]
CFCX (sw) (Montreal)		100%
CFQR-FM (Montreal)	87,100	100%
CHEX-AM (Peterborough)	41,400	100%
CHEX-FM (Peterborough)		100%
CJKL-AM (Kirkland Lake)	28,200	100%
CJTT-AM (New Liskeard)		100%
CKGB-AM (Timmins)	33,400	100%
CKGB-FM (Timmins)		100%
CKWS-AM (Kingston)	61,400	100%
CKWS-FM (Kingston)		100%
Television		
CFCF-TV (Montreal)	559,000	100%
CFCH-TV (North Bay)	60,400	100%[1]
CHEX-TV (Peterborough)	119,800	100%
CJOH-TV (Ottawa)	338,300	100%
CJSS-TV (Cornwall)		100%
CKWS-TV (Kingston)	139,600	100%
Cable		
Through Synrock Cablevision Limited		
CATV (Rockland)		100%
Through Skyline Cablevision Limited		
CATV (Ottawa)		23.9%
Through Laurentian Cablevision Limited		
CATV (Hull)		75%
Through Cablevue (Belleville) Limited		
CATV (Belleville)		50%[1]

[1]Requested by C.R.T.C. to dispose of holdings as rapidly as possible.

by the BBG prohibiting any further multiple interests in CTV. The C.R.T.C. gave as their rationale for approval the need to comply with the Canadian ownership regulations issued by the Governor-in-Council on September 20, 1968, and the opportunity for improved programming, offered by dual ownership. They safeguarded themselves by stating that advertisers cannot be obliged to purchase space in both CJOH-TV and CFCF-TV (Bushnell hoped to operate the stations as a mini-network during certain periods) and by stating that Bushnell could exercise only one vote as a member of CTV Television Network Limited.

The decision also granted to Bushnell all the broadcasting interests held separately and jointly by Thomson and Davies. These include CFCH-AM and CFCH-TV in North Bay, CKWS-AM and CKWS-FM and CKWS-TV in Kingston, CHEX-AM, CHEX-FM and CHEX-TV in Peterborough, CKGB-AM and CKGB-FM in Timmins, CJKL in Kirkland Lake, and CJTT in New Liskeard. However, although the C.R.T.C. indicated approval of separating these broadcasting interests from a newspaper publishing corporation, the C.R.T.C. was concerned about the

extensive holdings this brought under the control of Bushnell. It specified that as rapidly as possible, Bushnell should dispose of CFCH and CFCH-TV in North Bay to a person acceptable to the Commission. It is thought that under new ownership the television station will form part of a system for second service to the north.

Bushnell also applied for permission to purchase and operate Cablevue (Belleville) Limited, Metro Cable TV Limited, Cornwall Cable Vision 1961 Limited, Community Video (Montrose-Fruitvale) Limited, Community Video Limited (Rossland and Trail), Community Video (Nanaimo) Limited, Community Video (Red Deer) Limited, North West Community Video Limited (Vancouver, Nelson, Castlegar, Kinnaird), Aurora Cable TV Limited, Northumberland Cable TV Limited, Smiths Falls Cablevision Limited, and an additional 61.57 per cent of the common shares of Skyline Cablevision. Of all these twelve applications, only a 50 per cent purchase of Cablevue (Belleville) Limited was approved, as part of the Thomson, Davies transaction, and here Bushnell was requested to sell again as soon as possible. The decision clearly reflects C.R.T.C. reservation in allowing broadcast ownership concentration in a system which could lead to a broad cable network.

Control of Bushnell Communications Limited, will be exercised through a voting trust agreement involving 78.5 per cent of the outstanding voting shares. The trustees are E. L. Bushnell, G. E. Beament, and A. Martineau. Bushnell is a public company, the shares of which are traded over-the-counter.

The Bushnell media holdings are shown in Table 16.

CHUM LIMITED

CHUM Limited, controlled by Allan F. Waters, was incorporated under Ontario charter on October 2, 1944, as York Broadcasters Limited. In 1959, the company's name was changed to Radio Chum-1050, and in 1969 the name was changed to the present one.

Before 1957, the company owned only one radio station, CHUM-AM, which was licensed to broadcast with a power of 1,000 watts from sunrise to sunset. Subsequently it received permission to broadcast twenty-four hours a day with a power of 50,000 watts. In May, 1962, the company became a partner in Peterborough Broadcasting Co., a joint venture operating station CKPT-AM in Peterborough. In September, 1963, radio station CHUM-FM Toronto commenced broadcasting. In July, 1965, the company acquired a 50 per cent interest in Radio CJCH 920 Limited which operates radio station CJCH-AM in Halifax, Nova Scotia. In October, 1965, the company acquired a 33.3 per cent interest in Ralph Snelgrove Television Limited which operates television station CKVR-TV in Barrie, Ontario. In 1967 the company arranged to sell this interest to Western Broadcasting Limited, but that transaction was not completed. Ralph Snelgrove, president of Ralph Snelgrove Limited, indicated at the time that because of certain other broadcasting acquisitions by Saturna Properties Limited, a wholly owned subsidiary of Western Broadcasting, it was not possible to complete the purchase of CKVR-TV under the conditions stipulated in the original agreement.

On January 1, 1967, the company acquired all the outstanding shares of Radio Station CFRA Limited, which operates CFRA-AM and CFMO-FM in Ottawa. On

June 19, 1967, the company was changed from a private to a public company. In 1968 the company negotiated the acquisition of another 33.3 per cent interest in Ralph Snelgrove Television Limited, thereby giving it control of CKVR-TV, Barrie. In the same year CHUM Limited made application to acquire a 70 per cent interest in the Montreal radio station CFMB but the application was rejected by the C.R.T.C. In September, 1969, CHUM Limited announced its intention to acquire all the outstanding shares of Associated Broadcasting Corp., 50 per cent of which are held by Famous Players Canadian Corporation Ltd., and 50 per cent by Allan F. Waters. Associated Broadcasting operates the Ontario Muzak franchise.

On September 30, 1969, company shareholders approved changes in the share structure which had the effect of splitting present shares and creating a new class of non-voting common shares. The new class of shares was created to provide a greater degree of flexibility in the company's acquisition program. In the information circulated to shareholders the company indicated the new shares might be used to finance the acquisition of CKGM Montreal and the remaining 50 per cent interest in radio station CJCH Halifax. The purchase of CKGM has not taken place, but CJCH was acquired early in 1970.

Allan Waters also has a direct 4.3 per cent interest in CKLC and CKLC-FM Kingston.

Early in 1969 CHUM Limited organized Canadian Contemporary News System, involving an exchange of national news among fourteen Canadian centres. The System operates a full-time bureau in Ottawa.

Market

According to the February, 1969, issue of the Toronto Stock Exchange *Monthly Review* the extension of cable service in the Metro Toronto area, coupled with the rapidly increasing population in such prime coverage communities as Newmarket, Richmond Hill, and Aurora, the viewing audience of CKVR-TV is growing at an accelerated rate. CKVR-TV is carried on thirty-eight cable systems of which seven are in Metropolitan Toronto. BBM surveys show that CKVR audience has doubled since the spring of 1968.

CHUM properties now have an average daily audience of about 1,200,000. Major increases have occurred in CKVR-TV, CHUM, and CFRA.

Financial Position

The company's fiscal year-end was changed in 1968 from September 30 to August 31, resulting in an abbreviation of the 1968 fiscal year to an eleven month period.

Broadcasting revenue for the twelve months ended August 31, 1969, was \$5,891,012 compared with \$4,124,999 for the eleven months ended August 31, 1968. Consolidated net profit for the twelve months ended August 31, 1969, amounted to \$699,302 against \$578,245 for the eleven months ended August 31, 1968.

Table 17. Media Interests of CHUM Limited and Allan Waters

	Circulation	Extent of Interest
Broadcasting (CHUM Limited)		
Radio		
CFMO-FM (Ottawa, Ont.)	52,000	100%
CFRA-AM (Ottawa, Ont.)	210,400	100%
CHUM-AM (Toronto, Ont.)	554,600	100%
CHUM-FM (Toronto, Ont.)	53,600	100%
CJCH-AM (Halifax, N.S.)	78,600	100%
CKPT-AM (Peterborough, Ont.)	18,600	50%
Television		
CKVR-TV (Barrie, Ont.)	219,200	66.66%
Broadcasting (Allan Waters)		
Radio		
CKLC-AM (Kingston, Ont.)	32,700	4.3%
CKLC-FM (Kingston, Ont.)		4.3%

THE CRÉPAULT GROUP

Mutual Broadcasting Limited is the holding company for a group of radio stations under the control of Raymond Crépault. The company is unique in that it is licenced by the C.R.T.C. to operate the only permanent private AM radio network in Canada. This decision may well foreshadow further developments along the same line affecting other broadcasting stations.

The stations are CJMS-AM (Montreal), CJRP (Quebec City), CJRS (Sherbrooke), CJTR (Trois-Rivières), and CJRC (Ottawa). CJMS-FM (Montreal), although controlled by Mr. Crépault, is not part of the network.

Table 18. Media Interests of Raymond Crépault

Broadcasting	Circulation	Extent of Interest
Radio		
CJMS-AM (Montreal)	394,300	100%
CJMS-FM (Montreal)	26,000	100%
CJRC-AM (Ottawa)	78,700	72.25%
CJRP-AM (Quebec)	88,500	100%
CJRS-AM (Sherbrooke)	54,400	64%
CJTR-AM (Trois-Rivières)	51,800	100%

PAUL DESMARAIS, JEAN PARISIEN, AND JACQUES FRANCŒUR

Paul Desmarais is Chairman and Chief Executive Officer of Power Corporation. Power Corporation used to own extensive publishing and broadcasting interests. However, it sold its publishing companies in September, 1969, and its broadcast companies in July, 1970, following a policy decision to disengage itself from involvement in communications media.

The publishing interests comprised four daily, five weekend, and eleven weekly newspapers. In addition, a long-standing bond had prevented the sale of CHEF radio in Granby by *La Voix de l'Est* to Power Corporation's broadcast company Québec Télémédia Inc. Hence the sale of the publishing interests also included the sale of this station.

La Presse, the largest French daily newspaper in Quebec with a circulation of 222,184, is published by La Compagnie de Publication La Presse Limitée. 100 per cent of the common shares of the publishing company is owned by Gesca Limitée, a wholly owned subsidiary of Enterprises Gelco Limitée, the common stock of which is 75 per cent owned by Paul Desmarais and 25 per cent by Jean Parisien. Mr. Desmarais also holds 100 per cent of the voting preferred shares in La Compagnie de Publication La Presse Limitée.

The remaining newspapers – both daily and weekly – are controlled by Les Journaux Trans-Canada Limitée. Les Journaux Trans-Canada is owned 46.6 per cent by Paul Desmarais, 33.3 per cent by Jacques Francœur, 15.56 per cent by Jean Parisien, and 4.45 per cent by Pierre Dansereau.

Through wholly-owned affiliates, Les Journaux Trans-Canada publishes three dailies – *La Voix de l'Est* in Granby, *La Tribune* in Sherbrooke and *Le Nouvelliste* in Trois Rivières – with a total circulation of 97,586. It also owns several weekend and weekly newspapers and CHEF radio. The weekend newspapers include *Dimanche-Matin, Le Petit Journal, La Patrie, Photo-Journal,* and *Dernière Heure* – which account for a total circulation of over 800,000.

Jacques Francœur, who has a one-third interest in Les Journaux Trans-Canada and who is President of the company, personally owns 100 per cent of a weekly, *Le Guide du Nord* in Montreal (circulation 16,500). The publisher of this weekly, Irving Mandel, is also publisher of seven of the weeklies owned by Les Journaux Trans-Canada.

In July, 1970, the C.R.T.C. approved the sale by Power Corporation of the assets of Québec Télémédia Inc., its broadcast holding corporation, to Philippe de Gaspé Beaubien. With the sale, Power Corporation divested itself of all ownership and management responsibility in broadcasting. Mr. Beaubien formed a new company, Télémédia (Québec) Limitée, which is discussed under the profile of the media interests of Philippe de Gaspé Beaubien.

Paul Desmarais also owns just over 30 per cent of Power Corporation, a widely diversified corporation. Its major subsidiary companies are Canada Steamship Lines (50.5 per cent), Dominion Glass Company (62.7 per cent), Campeau Corporation (54 per cent) – a large real estate development company – The Investors Group (50.3 per cent directly and a further 7.04 per cent through Imperial Life of which Power controls 51 per cent). Power Corporation also holds 54 per cent of Laurentide Financial Corporation. Major nonsubsidiary companies include Consolidated Bathurst and Northern and Central Gas.

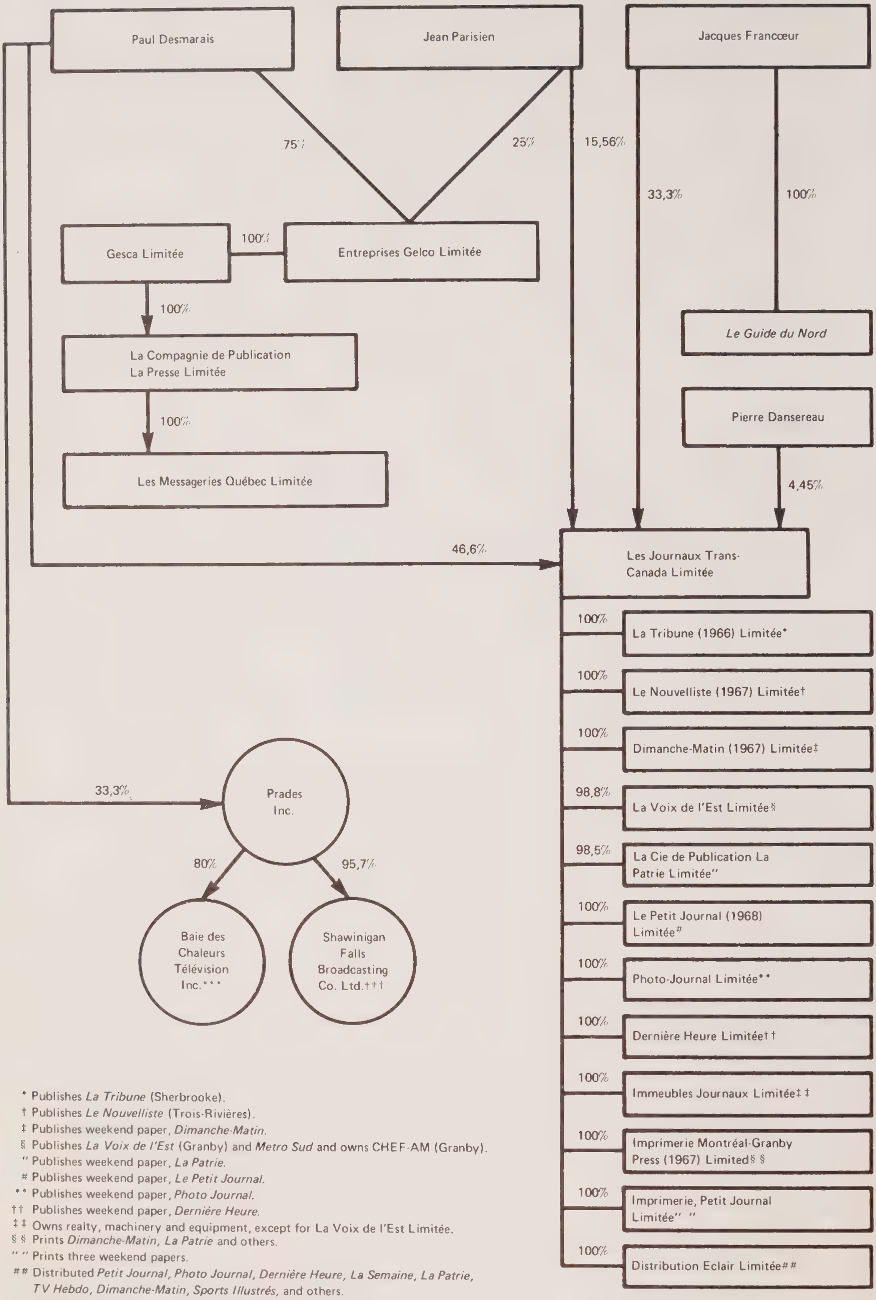
By indirect investment in other corporations, Power Corporation has acquired three minority holdings in broadcast in which it has no management involvement and are mentioned here only for the record. They are in CHUM Ltd. through Imperial Life Assurance, Standard Broadcasting through a 10 per cent interest in Argus Corporation, and Skyline Cablevision through Campeau Corporation.

Mr. Desmarais also retains a 33.3 per cent interest in Prades Inc. in equal partnerships with Messrs. C. Pratte and J. Brillant. This corporation owns 80 per cent of CHAU-TV, (Carleton, P.Q.) with its nine satellites and 95.7 per cent of CKSM-AM (Shawinigan, P.Q.).

Table 19. Media Interests of Desmarais, Parisien and Francœur

	Criculation	*Extent of Interest*
Newspapers		
Dailies		
La Presse (Montreal)	222,184	Desmarais (75%) Parisien (25%)
La Tribune (Sherbrooke)	38,885	Control through Les Journaux Trans-Canada Limitée: Desmarais (46.6%) Francœur (33.3%) Parisien (15.56%)
Le Nouvelliste (Trois-Rivières)	46,926	
La Voix de l'Est (Granby)	11,775	
Weeklies		
Le Journal de Rosemont (Montreal)	16,000	Control through Les Journaux Trans-Canada Limitée: Desmarais (46.6%) Francœur (33.3%) Parisien (15.56%)
Le Flambeau de l'Est (Montreal)	21,500	
L'Est Central (Montreal)	20,000	
Les Nouvelles de l'Est (Montreal)	21,000	
Le Progrès de Rosemont (Montreal)	16,000	
Le Saint Michel (Montreal)	19,000	
Le Courrier de Laval (Laval)	40,000	
Métro Sud (Longueuil)	29,035	
Roxboro Reporter (Pierrefonds)	16,000	
L'Echo du Bas St. Laurent (Rimouski)	5,668	
Echo Expansion (St. Lambert)	24,000	
Le Guide du Nord (Montreal)	16,500	Francœur (100%)
Weekend		
Dernière Heure	59,541	Control through Les Journaux Trans-Canada Limitée: Desmarais (46.6%) Francœur (33.3%) Parisien (15.56%)
Dimanche-Matin	287,745	
La Patrie	130,874	
Le Petit Journal	208,348	
Photo-Journal	131,273	
Broadcasting		
Radio		
CHEF-AM (Granby)	9,400	Through Les Journaux Trans-Canada Limitée: Desmarais (46.6%) Francœur (33.3%) Parisien (15.56%)
CKSM-AM (Shawinigan, P.Q.)	16,300	Through Prades Inc. Desmarais (31.86%)
Television		
CHAU-TV (Carleton, P.Q.)	122,500	Through Prades Inc. Desmarais (26.64%)

Chart 2
Organization Chart of the Desmarais, Parisien and Francœur Companies.



* Publishes *La Tribune* (Sherbrooke).
† Publishes *Le Nouvelliste* (Trois-Rivières).
‡ Publishes weekend paper, *Dimanche-Matin*.
§ Publishes *La Voix de l'Est* (Granby) and *Metro Sud* and owns CHEF-AM (Granby).
" Publishes weekend paper, *La Patrie*.
\# Publishes weekend paper, *Le Petit Journal*.
** Publishes weekend paper, *Photo Journal*.
†† Publishes weekend paper, *Dernière Heure*.
‡‡ Owns realty, machinery and equipment, except for La Voix de l'Est Limitée.
§§ Prints *Dimanche-Matin*, *La Patrie* and others.
"" Prints three weekend papers.
\#\# Distributed *Petit Journal*, *Photo Journal*, *Dernière Heure*, *La Semaine*, *La Patrie*, *TV Hebdo*, *Dimanche-Matin*, *Sports Illustrés*, and others.
*** Owns CHAU-TV (Carleton).
††† Owns CKSM-AM (Shawinigan).

The Dougall family, through private companies, controls a number of stations in northwestern Ontario. They include: CKPR-AM (Dryden); CFOB-AM (Fort Frances); CJRL-AM (Kenora); CKPR-AM, CKPR-FM, and CKPR-TV (Thunder Bay). The family was ordered by the C.R.T.C. to dispose of its minority interest in CJLX-AM (Thunder Bay) because of its interests in the other Thunder Bay radio stations. Thunder Bay Electronics, which owns CKPR-TV, is interested in developing a second service for this area.

Table 20. Media Interests of the Dougall Family

	Circulation	Extent of Interest
Broadcasting		
Radio		
CFOB-AM (Fort Frances, Ont.)	11,100	75%
CJRL-AM (Kenora, Ont.)	9,600	100%
CKDR-AM (Dryden, Ont.)	9,200	100%
CKPR-AM (Thunder Bay, Ont.)	67,500	100%
CKPR-FM (Thunder Bay, Ont.)	9,100	100%
Television		
CKPR-TV (Thunder Bay, Ont.)	87,000	100%

F. P. PUBLICATIONS LIMITED

F. P. Publications Limited, a private company, is the largest of all Canadian newspaper groups in terms of circulation. It owns and controls eight daily newspapers and one weekly.

The combined circulation of its newspapers – the Ottawa *Journal,* the Toronto *Globe and Mail,* Winnipeg *Free Press,* the Calgary *Albertan,* the Lethbridge *Herald,* the Vancouver *Sun,* Victoria *Daily Times* and the Victoria *Daily Colonist* is 855,170.

The company also publishes the *Free Press Weekly,* aimed primarily at the Canadian rural community.

Through its subsidiary, The Sun Publishing Company Limited, F. P. Publications Limited is in equal partnership with Southam Press Limited in the ownership of Pacific Press Limited which prints the *Sun* and the Vancouver *Province.*

Unlike some other newspaper groups, F. P. Publications Limited is not actively engaged in the broadcasting field. It does have a12.5 per cent interest in Victoria Cablevision Limited, and a 16.7 per cent interest in Community Antenna Television Ltd., Calgary. Community Antenna was just granted its first licence to operate in Calgary. With the decision, the CRTC requested that within three years, being the duration of the licence, F. P. dispose of its share in Community Antenna.

History

F. P. Publications was formed in 1959 as a result of a three-way deal by the principals which consisted of a purchase of shares of The Journal Publishing

Company of Ottawa Limited; the acquisition by an exchange of shares of Free Press Weekly Ltd., with its subsidiary Winnipeg Free Press Company Limited from the Victor Sifton family; and the acquisition by an exchange of shares of The Albertan Publishing Company Limited, The Lethbridge Herald Company Ltd., and Victoria Press Limited from G. Maxwell Bell.

In 1961, F. P. Publications acquired an interest in the Sun Publishing Company Limited from the Cromie family, and two years later a further acquisition of shares made Sun Publishing a subsidiary of F. P. Publications.

In 1965 the company entered into a merger with The Globe and Mail Limited.

The Free Press Weekly activities were expanded in 1965 when the company purchased the mailing list of *Farmers Advocate*, which ceased publication. In 1968 the *Free Press Weekly* agreed to service the mailing list of the *Family Herald*, which ceased publication.

The company's interest in Calgary Television Limited was discharged in 1967 through an exchange of shares with Selkirk Holdings Limited, of which Southam Press Limited is the largest single shareholder. The company's interest in Lethbridge Television Limited was discharged in a similar exchange with Selkirk in 1968.

Table 21. Media Interests of F.P. Publications Limited.

	Circulation	*Extent of Interest*
Newspapers		
Dailies		
Sun (Vancouver, B.C.)	256,806	control
Daily Times (Victoria, B.C.)	31,667	100%
Daily Colonist (Victoria, B.C.)	39,158	100%
Albertan (Calgary, Alta.)	35,382	100%
Herald (Lethbridge, Alta.)	20,844	100%
Free Press (Winnipeg, Man.)	134,409	100%
Journal (Ottawa, Ont.)	81,171	99.885%
Globe and Mail (Toronto, Ont.)	255,733	100%
Farm Publication		
Free Press Weekly	550,931	100%
Broadcasting		
Cable		
Through Victoria Cablevision Limited CATV (Victoria, B.C.)		12.5%
Through Community Antenna Television Limited CATV (Calgary, Alta.)		16.7%

THE IRVING GROUP

The greatest regional concentration of mass-media ownership in Canada is to be found in New Brunswick. All five of the English-language daily newspapers in the province are controlled by companies controlled by K. C. Irving.

Through the New Brunswick Publishing Co., Mr. Irving owns *The Telegraph-Journal* and the *Times-Globe* of Saint John and the Moncton *Times* and *Transcript*. Through Brodie & Co., Mr. Irving has a majority of the voting shares of University

Press of New Brunswick Ltd., which publishes *The Daily Gleaner* of Fredericton. The only other daily in the province is the French-language independent, *L'Évangeline* of Moncton.

CHSJ and CHSJ-TV in Saint John, which also cover the Fredericton area, and the CHSJ-TV satellite in Bon Accord are all controlled by a related Irving interest, New Brunswick Broadcasting Co. Ltd. At the direction of the C.R.T.C., CHSJ-TV – a CBC affiliate – recently established a second satellite in Moncton, extending coverage of this station to one of the last major sections of the population previously beyond its reach.

The only other television stations in the province are CBAFT-TV, a French-language CBC station, and CKCW-TV, both of which are located in Moncton. By the same order of the C.R.T.C. extending the service of the Saint John station to Moncton, CKCW-TV was directed to establish a satellite station in Saint John and to switch its affilitation to the CTV Network. At the same time, the Commission stipulated that the three satellite stations of CKCW-TV were to continue to remain affiliated to the CBC.

In all, eight of twenty media outlets in the surveyed communities are controlled by Irving interests – five newspapers, one radio station, and two television stations.

In addition to the media outlets which it controls, the K. C. Irving Group has probably the most diverse non-media interests of any conglomerate organization in Canada. Because virtually all of these interests are in private companies, up-to-date information as to their extent is not available on the public record.

The report of DBS on Inter-Corporate Ownership for 1965, the most recent compilation available of information filed in compliance with the Corporations and Labour Unions Returns Act, provides some insight into the range and extent of the non-media Irving interests as of that year. The summary for Irving holdings is shown in Table 22.

A further indication of the extent of Irving interests is provided from the list of provincial and extra-provincial companies in which Mr. Irving and/or members of his family serve as officers, directors – or both. Taken from returns filed as of August, 1969, with the Department of the Provincial Secretary of New Brunswick, they are as shown in the following table.

By any standard, the interests of the Irving family are very large. They assume gigantic proportions, however, in a province that lags behind many other parts of the country in industrial development. These interests represent an important factor in terms of the income they generate in New Brunswick and in terms of the employment dependent upon them.

Intra-Provincial Companies in which Irving Group Associated

Atlantic Towing Ltd.; Atlantic Truck and Trailer Ltd.; Boston Brook Enterprises Limited; Brunswick Motors Limited; Canada Veneers Limited; Charlotte Pulp and Paper Co. Ltd.; City Transit Limited; Courtenay Apartments Limited; Engineering Consultants Limited; General Realty Company Limited; Ferro-Chemi-Crete Engineering Limited; Grand Lake Timber Ltd.; Harbour Development Limited; Highland Hardwoods Limited; Industrial Security Limited; J. D. Irving, Limited; K. C. Irving, Limited; Irving Oil Terminals Limited; Irving Oil Transport Limited;

Table 22.

Corporation	Holding Corporation	% Owned by Holding Corporation
Brunswick Mining & Smelting Corp. Ltd.	K.C. Irving, Ltd.	12.9
Canada Veneers Ltd.	K.C. Irving, Ltd.	97.0
D'Auteuil Lumber Co. Ltd.	K.C. Irving, Ltd.	84.6
Irving Oil Co. Ltd.	K.C. Irving, Ltd.	32.2
Irving Refining Ltd.	K.C. Irving, Ltd.	49.0
Key Anacon Mines Ltd.	K.C. Irving, Ltd.	12.3
L'Auberge du Boulevard Laurier Inc.	K.C. Irving, Ltd.	46.0
New Brunswick Railway Co. Ltd.	K.C. Irving, Ltd.	91.7
Ocean Finance Ltd.	K.C. Irving, Ltd.	99.4
Ocean Steel and Construction Ltd.	K.C. Irving, Ltd.	80.0
S.M.T. (Eastern) Ltd.	K.C. Irving, Ltd.	26.1
St. George Pulp and Paper Ltd.	K.C. Irving, Ltd.	32.0
St. Simeon Timber Products Ltd.	K.C. Irving, Ltd.	50.0
United Sales Ltd.	K.C. Irving, Ltd.	99.4
Canada Veneers (Quebec) Co. Ltd.	Canada Veneers Ltd.	98.0
Kent Line Ltd..	Canada Veneers Ltd.	34.1
Irving Pulp & Paper Ltd.	New Brunswick Railway Co. Ltd.	41.4
S.M.T. (Eastern) Ltd.	Ocean Finance Ltd.	13.3
Mace Ltd.	Ocean Steel & Construction Ltd.	49.7
Strescon Ltd.	Ocean Steel & Construction Ltd.	100.0
Charlotte Pulp & Paper Co. Ltd.	St. George Pulp & Paper Ltd.	99.8
Brunswick Motors Ltd.	United Sales Ltd.	97.1
Commercial Equipment Ltd.	United Sales Ltd.	99.8
Universal Sales Ltd.	United Sales Ltd.	99.4
Kent Line Ltd.	Brunswick Motors Ltd.	44.8
Chinic Inc.	Commercial Equipment Ltd.	94.9
Commercial Equipment Inc.	Commercial Equipment Ltd.	100.0
Lewis Bros. Ltd.	Commercial Equipment Ltd.	83.6
Thornes Hardware Ltd.	Commercial Equipment Ltd.	99.9
Lewis Bros. Hardware Ltd.	Lewis Bros. Ltd.	100.0
Wragge F. Ltd.	Lewis Bros. Ltd.	100.0

Irving Pulp & Paper Limited; Irving Refining Limited; Irving Steamships Limited; Kent Homes Limited; Kent Line Limited; Mace Limited; Maritime Tire Plant Ltd.; Millican Bros. Limited; New Brunswick Railway Company; North End Service Stations Limited; Quisibis Dam Company Limited; St. George Pulp & Paper Limited; St. John Iron Works, Limited; St. John Motor Line Limited; St. John Pulp & Paper, Limited; St. John Sulphite Sales Limited; Strescon Limited; Sulphite Towing Limited; Terminal Realties Limited; Thorne's Industrial Division Limited; United Sales Limited; Universal Constructors & Engineers Limited; Universal Sales Limited; Irving Oil Company Limited – Dominion Charter.

Extra-Provincial Companies in which Irving Group Associated

Commercial Equipment, Limited; Interprovincial Coach Lines Limited; Irving Oil Company Limited; Marque Construction Limited; Ocean Finance Limited; Ocean Steel & Construction Limited; Saint John Shipbuilding & Dry Dock Co., Ltd.

The C.R.T.C. has indicated its concern at the extent to which the communications media in New Brunswick are dominated by the Irving Group. In 1968 the

C.R.T.C. extended to March 31, 1970 – the licence of CHSJ-TV in Saint John. In so doing the C.R.T.C. stated: "The Commission is developing a licensing policy which will take into account concentration of ownership in the media serving a community. The Commission will consider this license in the light of the new policy."

The license to operate CHSJ-TV was renewed in 1970 on the condition that no member of the Irving family would be allowed to hold shares in Moncton Broadcasting Co. Ltd., the company operating the second TV station in Saint John.

In addition, the Commission refused to renew the licence previously granted by the Department of Transport to Saint John Cablevision Ltd., a CATV company established to serve the city of the same name, in which the Irving group shared a fifty-fifty interest with Famous Players. "In its announcement of June 13, 1968, the Canadian Radio-Television Commission expressed its concern about excessive concentration of ownership in communications media," the Commission noted in connection with the application for renewal of the cable system's licence. "In view of this concern, the Commission will not approve this application in the public interest."

In an announcement December 20, 1968, the C.R.T.C. laid down a policy under which CHSJ-TV in Saint John was to establish a relay station in Moncton, while remaining affiliated to the CBC, and CKCW-TV in Moncton was to establish a relay station in Saint John. CKCW-TV was directed to switch its primary station and the Saint John relay to the CTV network from the CBC, while continuing to carry the network programs of the latter on its satellite stations.

As part of its overall Maritime coverage plan, the C.R.T.C. noted that the approach it proposed would "maintain the possibility of a CBC-owned and operated station in Saint John-Fredericton area if and when such a station becomes possible and indispensable."

Table 23. Media Interests of the Irving Group

	Circulation	*Extent of Interest*
Newspapers		
Dailies		
Gleaner (Fredericton)	16,758	control
Times (Moncton)	16,241	100%
Transcript (Moncton)	17,044	100%
Telegraph-Journal (Saint John)	29,229	100%
Evening Times-Globe (Saint John)	25,170	100%
Broadcasting		
Radio		
CHSJ-AM (Saint John)	52,700	100%
Television		
CHMT-TV (Moncton)	296,200	100%
CHSJ-TV (Saint John)		100%

Maclean-Hunter Limited, established for many years as Canada's leading publisher of national magazines and business publications, has been moving quickly and with considerable impact into the broadcasting field.

With its diversification of interests in printing and design, industrial and trade shows, information services outside Canada, Maclean-Hunter is now a major mass-communications conglomerate. In 1969 the company reported net sales of $58,500,000 and net income of $3,335,000. It was a record year for the company, with its net sales up nearly $11 million and profit by about $1.4 million.

Maclean-Hunter Ltd. is a public company in which more than 50 per cent of the common shares are owned by the public. The largest single block of stock is held by the Hunter family.

The Company's main publishing interests in Canada include three English-language and two French-language consumer periodicals, with a total circulation of 2,262,800; a weekly, the *Financial Post,* with a circulation of 154,000; forty-six English-language and ten French-language business periodicals with a total circulation of approximately 516,000; and twenty-one annuals.

Outside Canada, Maclean-Hunter publishes ten business papers in the United Kingdom, five business periodicals in the United States, and several business periodicals in France, Germany, and Italy.

In the broadcasting field, Maclean-Hunter Limited owns outright one FM and five AM radio stations in Alberta and Ontario, and has a 50 per cent interest in one other AM station. It owns outright CFCN-TV in Calgary and Lethbridge, together with three satellites.

Cable television represents a new major investment by Maclean-Hunter Limited. In January, 1970, the cable operations of Maclean-Hunter Limited were refinanced with the public issue of debentures and stock in Maclean-Hunter Cable TV Limited. The parent company retains control through 60.4 per cent of the common shares. Its president, Frederick T. Metcalf, personally controls 6.7 per cent and the public 32.9 per cent of the common shares.

Maclean-Hunter Cable TV Limited controls seventeen cable systems in Ontario. It itself is licenced to operate fourteen of these seventeen systems (four in the Toronto area). As well, the Company holds 75 per cent of Peterborough Cable Television Limited which operates a cable system in Peterborough and 66.6 per cent of Huron Cable TV Limited which owns two systems, one in Sarnia and one in Wallaceburg.

History

The company was originally incorporated in 1891 as The J. B. Maclean Publishing Company of Toronto (Limited) to succeed an unincorporated business founded by John Bayne Maclean whose first publication, *Canadian Grocer,* was introduced in 1887. Other publications followed, including *Maclean's Magazine* in 1905 (originally known as *Busy Man's Magazine)* and *The Financial Post* in 1907.

In 1919 the name of the company was changed to The Maclean Publishing Company, Limited, and in 1945 to Maclean-Hunter Publishing Company Limited. A final change, in 1968 made it Maclean-Hunter Limited.

In 1895 a branch office was opened in London, England, eventually becoming the wholly owned subsidiary Maclean-Hunter Limited. In 1927 the company acquired a subsidiary in the United States, and its first American publication, *Inland Printer.* In 1930 it acquired its first British publication, *British Printer.*

Between 1920 and 1949 the company started or acquired seventeen new Canadian publications and two were merged or sold. From 1950 to the end of 1964, a total of thirty new Canadian publications, not including annual publications, was added by the company. Five were discontinued, merged, or sold.

In 1965 the company purchased Design Craft Limited, a firm of designers and exhibit builders, and acquired several new business publications. The following year Eastern Canada Exhibitions Inc., Montreal, merged its interests in the three Better Home Builders' Shows of Montreal, Ottawa, and Quebec City with the shows division of Maclean-Hunter.

In 1967 the company acquired two French-language publications and a translation service. That same year Trans Canada Expositions Limited was formed in equal partnership with Southam Business Publications Ltd. The company also acquired the remaining minority interest in two more English-language publications and later introduced a new national magazine, *Hostess,* with English- and French-language editions. Later acquisitions included a travel industry newspaper and directory.

Maclean-Hunter Limited moved into the broadcasting field in a major way in 1966 when it acquired all the outstanding shares of Shoreacres Broadcasting Co. Ltd., operators of Radio Station CKEY Toronto, as well as a controlling interest in the Voice of the Prairies Limited and CFCN Television Ltd., of Calgary. In order to comply with a Board of Broadcast Governors requirement that no person might have an interest in more than one station on the CTV television network, Maclean-Hunter sold a minority interest in CJCH-TV Halifax.

In April, 1967, Maclean-Hunter expanded into cable television by entering a three-way partnership in Huron Cable TV Limited serving Sarnia, Ontario. Later in the year the company acquired cable television systems in seven other Ontario communities from Metronics Corporation Ltd. Terms of the agreement included an additional one-third interest in Huron Cable TV.

In April, 1968 the company, which held a 50 per cent equity in Greatlakes Broadcasting System Limited, acquired the remaining interests. Greatlakes Broadcasting operates radio station CFCO Chatham and CHYM-AM and FM in Kitchener/Waterloo.

In the same year the company acquired the remaining equity in CFCN Television Limited and The Voice of The Prairies Ltd. (radio station CFCN). Six additional cable television systems were acquired in Ontario in 1969, by the company's subsidiary, Maclean-Hunter Cable TV Limited.

Table 24. Canadian Media Interests of Maclean-Hunter Limited

	Circulation	Extent of Interest
Consumer Publications		
Maclean's	732,591	100%
Chatelaine	960,094	100%
Miss Chatelaine	131,094	100%
Le Magazine Maclean	174,154	100%
Châtelaine	264,897	100%
The Financial Post	154,010	100%
Financial Post Annuals		
Directory of Directors	4,142	100%
Financial Post World Wide	80,569	100%
Survey of Industrials	29,101	100%
Survey of Markets	8,803	100%
Survey of Mines	25,418	100%
Survey of Oils	17,216	100%
Survey of Investment Funds	11,153	100%
Business Publications		
Bâtiment	4,863	100%
Building Supply Dealer	5,750	100%
Bus & Truck Transport	17,978	100%
Canadian Advertising Rates & Data	5,310	100%
Canadian Automotive Trade	30,369	100%
Canadian Aviation	9,300	100%
Canadian Building	17,200	100%
Canadian Controls & Instrumentation	9,550	100%
Canadian Datasystems	12,000	100%
Canadian Electronics Engineering	11,073	100%
Canadian Grocer	14,640	100%
Canadian Hotel & Restaurant	22,519	100%
Canadian Interiors	6,783	100%
Canadian Jeweller	4,053	100%
Canadian Machinery and Metalworking	9,278	100%
Canadian Packaging	9,423	100%
Canadian Paint and Finishing	5,030	100%
Canadian Photography	6,593	100%
Canadian Printer & Publisher	6,139	100%
Canadian Pulp and Paper Industry	7,160	100%
Canadian Research & Development	7,376	100%
Canadian Red Book		100%
Canadian Shipping and Marine Engineering News	2,647	100%
Canadian Travel Courier	8,069	100%
Canadian University & College	4,352	100%
Cités et Villes	6,305	100%
Civic Administration	13,609	100%
Design Engineering	7,688	100%
Drug Merchandising	7,105	100%
Electrical Contractor and Maintenance Supervisor	13,093	100%
Electron	14,444	100%
Food in Canada	7,922	100%
Hardware Merchandising	10,035	100%
Heavy Construction News	14,987	100%
Home Goods Retailing	13,664	100%
L'Acheteur	4,886	100%
L'Épicier	7,662	100%

Table 24. Canadian Media Interests of Maclean-Hunter Limited (Continued)

	Circulation	Extent of Interest
Business Publications–Cont'd		
Le Bureau	6,331	100%
Le Pharmacien	2,685	100%
Le Quincaillier	4,153	100%
Marketing	8,652	100%
Materials Handling in Canada	8,003	100%
Men's Wear of Canada	5,549	100%
Modern Power & Engineering	11,148	100%
Modern Purchasing	8,524	100%
Office Equipment & Methods	15,040	100%
Oilweek	8,755	100%
Plant Administration/Engineering	12,080	100%
Progressive Plastics	7,747	100%
Québec Industriel	7,948	100%
Revue-Moteur	9,500	100%
School Progress	6,958	100%
Style	10,540	100%
Teaching Aids Digest (semi-annually)	8,314	100%
The Medical Post	21,806	100%
Transport Commercial	4,512	100%
Business Publications – Annuals		
Buyer's Guide to Plastics	7,709	100%
Canadian Controls & Instrumentation Buyers' Guide	9,275	100%
Canadian Industry Shows & Exhibitions	7,340	100%
Canadian Service Data Book	22,000	100%
Canadian Special Truck Equipment Manual	9,670	100%
Civic Administration's Municipal Reference Manual and Purchasing Guide	13,609	100%
Directory of Canada's Travel Industry		100%
Fraser's Canadian Shoe and Leather Directory	3,233	100%
Fraser's Canadian Textile Apparel and Variety Goods Directory	1,920	100%
Fraser's Canadian Trade Directory	10,025	100%
Hardware Merchandising's Hardware Handbook	8,971	100%
Materials Handling Handbook	8,159	100%
School Progress, Reference Directory and Buyers' Guide	6,958	100%
The National List of Advertisers	4,478	100%
Broadcasting		
Radio		
CFCN-AM (Calgary)	76,900	100%
CFCO-AM (Chatham)	47,700	100%
CFOR-AM (Orillia)	16,700	50%
CHYM-AM (Kitchener)	41,700	100%
CHYM-FM (Kitchener)		100%
CKEY-AM (Toronto)	233,500	100%
Television		
CFCN-TV (Calgary)	282,900	100%
CFCN-TV (Lethbridge)	17,200	100%

Table 24. Canadian Media Interests of Maclean-Hunter Limited (Continued)

	Circulation	Extent of Interest
Cable		
Through Maclean-Hunter Cable TV Limited		
CATV (Guelph)		100%
CATV (Owen Sound-Meaford)		100%
CATV (Collingwood)		100%
CATV (Midland-Penetanguishene)		100%
CATV (Huntsville)		100%
CATV (North Bay)		100%
CATV (Toronto area: Etobicoke		100%
Parkdale		100%
Streetsville-Malton		100%
Ajax-Pickering)		100%
CATV (St. Catharines)		100%
CATV (Hamilton).		100%
CATV (London)		100%
Through Peterborough Cable Television Limited		
CATV (Peterborough)		75%
Through Huron Cable TV Limited		
CATV (Sarnia)		66.6%
CATV (Wallaceburg)		66.6%

THE McCONNELL FAMILY

The media interests of the McConnell family, built up by the late J.W. McConnell and left to his children, include the Montreal *Star,* published by The Montreal Star (1968) Ltd. and The Montreal Standard Publishing Company, which publishes *Weekend* and has a 24.7 per cent interest in Perspectives Inc., which publishes *Perspectives* and *Perspectives-Dimanche.* The Montreal Standard also undertakes commercial printing.

Weekend is distributed as a supplement in thirty-nine daily newspapers with a combined circulation of 1,805,839. *Perspectives* is a French-language weekend supplement distributed in six Quebec dailies with a total circulation of 828,430. *Perspectives-Dimanche* is distributed as part of *Le Dimanche-Matin,* a French-language tabloid with a circulation of around 290,000 that forms part of the Desmarais-Parisien-Francœur group.

Weekend is wholly owned by The Montreal Standard Publishing Company. That company contracts with member newspapers to distribute the weekly supplement. The contract provides for profit sharing on the part of members.

Just over three-quarters of the shares of Perspectives Inc. are held by distributing member papers in proportion to their contribution to total circulation. The remaining 24.7 per cent of shares are held by The Montreal Standard Publishing Company.

The share distribution which results is shown in Table 25.

Table 25. Share Distribution of Perspectives Inc.

Name	Number of Common Shares
Le Soleil, Limitée (Quebec City)	2,598
La Tribune (1966) Ltée (Sherbrooke)	576
La Voix de l'est Limitée (Granby)	191
Le Syndicat D'Oeuvres Sociales Ltée (Le Droit) (Ottawa)	576
Dimanche-Matin (1967) *Ltée* (Montreal)	576
Le Nouvelliste (1967) *Ltée* (Trois-Rivières)	576
La Compagnie de Publication de La Presse Limitée (Montreal)	2,598
The Montreal Standard Publishing (Montreal)	3,298

As printer of *Weekend Magazine,* the Montreal Standard Publishing Company is in competition with Southstar Publishers Limited, publisher of *The Canadian Magazine, Canadian Homes* and *The Canadian Star Weekly.* While *The Star Weekly* is sold on newsstands, *The Canadian* and *Canadian Homes* vie with *Weekend Magazine* for distribution as a supplement in other daily newspapers.

Late in 1969, it was announced by Southstar Publishers Limited, which is jointly owned by The Toronto Star and Southam Press, that *The Canadian* and *Canadian Homes* would be printed by the Montreal Standard Publishing Company.

It was also announced that Southstar and The Montreal Standard have joined forces to establish MagnaMedia Limited to act as the advertising sales agency for *The Canadian, Canadian Homes, Weekend, Perspectives,* and *Perspectives-Dimanche.*

At the apex of the McConnell family holdings are 88 per cent of the shares of the Commercial Trust Company Limited held by the Montreal Trust Company as part of a voting trust agreement under which the shares are voted at the direction of J.G. McConnell and Mrs. P.M. Laing during their lifetimes.

The Commercial Trust Company in turn, holds virtually all the shares in The Montreal Star (1968) Ltd. as a trustee for Starlaw Investments Ltd., the beneficial owner. Commercial Trust also holds all of the shares of The Montreal Standard Publishing Co. Ltd. and of Canada Wide Feature Service Ltd. and Infocor Limited, as a trustee for Starlaw, which again is the beneficial owner.

Starlaw Investments Ltd. is owned by SLSR Holdings Limited (previously St. Lawrence Sugar Refineries Limited) and Montreal Star Holdings Limited (previously The Montreal Star Company Limited), which it should be noted is a different corporate entity from that which publishes the daily newspaper.

The circle is completed with ownership in trust by the Commercial Trust Company of virtually all of the outstanding shares of the companies that control Starlaw Investments – SLSR Holdings Limited and Montreal Star Holdings Limited. The Commercial Trust Company is the registered owner of the shares of these two companies as the sole trustee on behalf of the descendents of the late Mr. McConnell.

Currently Starlaw Investments have before the C.R.T.C. an application to purchase Cable TV Limited from Famous Players, but approval has not yet been given.

Table 26. Media Interests of the McConnell Family.

	Circulation	Extent of Interest
Dailies		
Star (Montreal, P.Q.)	195,696	control
Weekend Magazines		
Weekend Magazine	1,805,839[1]	control
Perspectives	828,430[2]	24.7%
Perspectives-Dimanche	290,000	24.7%

[1] Represents total circulation of thirty-nine newspapers in distribution. *Weekend* is also distributed free to approximately 70 per cent of the households in London, Hamilton, Regina, Saskatoon, and Edmonton.

[2] Represents total circulation of seven newspapers in distribution.

MOFFAT BROADCASTING LIMITED

Moffat Broadcasting Limited, a private company long established in the broadcasting business, has interests stretching across the western provinces.

The company wholly owns CKLG-AM and CKLG-FM in Vancouver, CKXL in Calgary, CHAB in Moose Jaw, and CKY-AM and CKY-FM in Winnipeg. It shares an interest in CHED, Edmonton, with the Rawlinson group and CJAY-TV, Winnipeg, with the Misener family. Moffat also has a 38.75 per cent interest in Metro Videon Ltd., a cable company with systems in Winnipeg and Pinawa.

In 1968, the C.R.T.C. approved an application for the transfer of the outstanding majority of shares in CHAB Ltd., licencee of CHAB and CHAB-TV in Moose Jaw and CHRE-TV in Regina – the latter being CTV affiliates, to Moffat Broadcasting, which already held a substantial minority interest. The transfer was conditional, however, on Moffat disposing of its interest in the television stations within a year. The Commission laid down this condition because Moffat's interest in CJAY-TV, another CTV affiliate, conflicted with the old BBG rule against multiple interests in CTV affiliated stations.

On July 18, 1969, the C.R.T.C. stipulated that Moffat was to enter negotiations for the sale of the television stations to the CBC, despite an offer to purchase from

Table 27. Media Interests of Moffat Broadcasting Limited.

	Circulation	Extent of Interest
Radio		
CHAB-AM (Moose Jaw)	47,300	100%
CHED-AM (Edmonton)	170,600	45%
CKLG-AM (Vancouver)	220,100	100%
CKLG-FM (Vancouver)	13,400	100%
CKXL-AM (Calgary)	112,100	100%
CKY-AM (Winnipeg)	132,900	100%
CKY-FM (Winnipeg)	5,500	100%
Television		
CJAY-TV (Winnipeg)	325,000	50%
Cable		
CATV (Winnipeg)		38.75%
CATV (Pinawa)		38.75%

Western Broadcast Management Ltd. at what appeared to be a higher price than the CBC was prepared to pay. Very shortly afterwards, the Commission disclosed that the whole B.B.G. policy on multiple CTV ownership would be reconsidered during a hearing in the fall of 1969, and the recent Bushnell decision would suggest multiple ownership may be allowed if the benefits thereof warrant it.

ROGERS BROADCASTING LIMITED

Rogers Broadcasting Limited is a private company controlled by shares held in two Rogers family trusts, its president being Edward S. Rogers.

The Rogers group controls CHFI-AM and CHFI-FM (Toronto), CHAM-AM (Hamilton), and CHYR-AM (Leamington) through Sun Parlour Broadcasters Limited. Rogers Broadcasting has agreed to sell CHAM-AM in Hamilton to Dancy Broadcasting Limited which operates a Sarnia radio station. This sale is subject to C.R.T.C. approval.

It used to hold a 13.4 per cent interest in Baton Broadcasting controlled by the Bassett-Eaton group and operator of CFTO-TV (Toronto). Through Glen-Warren Productions, the Bassett-Eaton group in turn owned 50 per cent of Rogers Cable TV Limited. Licences for cable systems were granted to Rogers Cable TV Limited only on condition that Glen-Warren dispose of its shares in the cable company. Hence the two parties sold their interests in the other's operations.

Rogers Cable TV Limited, which is 100 per cent owned by Rogers Broadcasting Limited, operates one system in Toronto, one system in Brampton, and also owns 90 per cent of Coaxial Colourview which operates a second cable system in Toronto. Recently Rogers applied for a cable licence in Detroit, the first application by a Canadian Company in the United States. The FCC decision has not yet been issued.

Rogers Broadcasting through Sun Parlour Broadcasters Limited also owns Essex Cable TV Limited, which serves Leamington and Kingsville, Ontario.

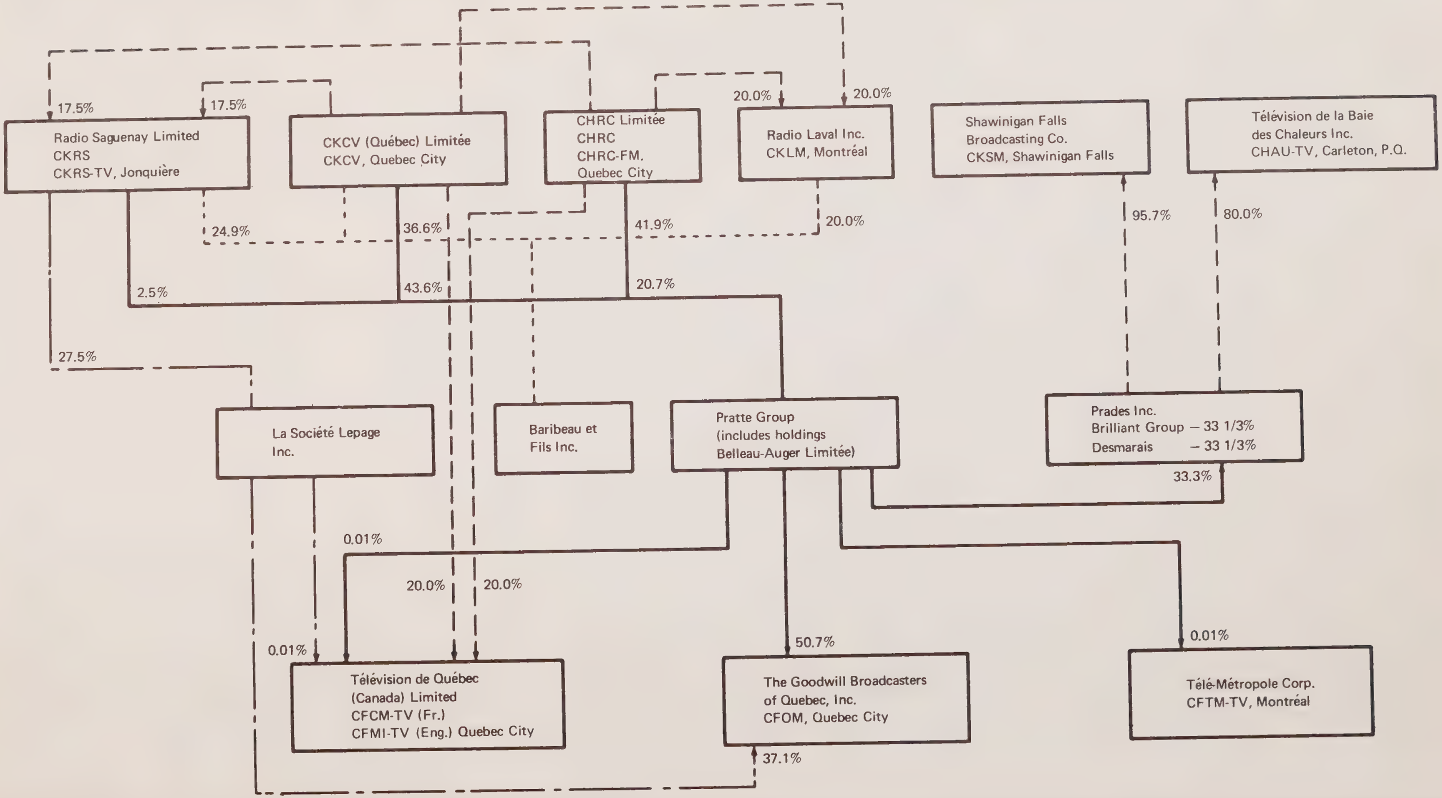
Table 28. Media Interests of Rogers Broadcasting Limited

	Circulation	Extent of Interest
Radio		
CHFI-AM (Toronto)	185,600	100%
CHFI-FM (Toronto)	93,800	100%
CHYR-AM (Leamington)	30,900	82.7%
CHAM-AM (Hamilton)	17,600	100%
Cable		
Through Rogers Cable TV Limited, CATV (Toronto)	14,715	100%
Through Coaxial Colourview Limited, CATV (Toronto)	10,065	90%
Through Essex Cable TV Limited, CATV (Leamington/ Kingsville)	759	100%
Through Bramalea Telecable Limited, CATV (Brampton)	4,086	100%

THE PRATTE, BARIBEAU, AND LEPAGE GROUP

The Pratte, Baribeau and Lepage families have extensive and often intricately interlocked broadcasting interests in Quebec. The nature and extent of these interests are indicated in the chart that follows.

Chart 3
ORGANIZATIONAL CHART OF THE PRATTE, BARIBEAU, AND LEPAGE COMPANIES.



The Sifton group has deversified interests in the news media in Saskatchewan and Ontario, being actively engaged in newspaper, magazine, television, and radio projects. The group functions through Armadale Company Limited, which was incorporated as a private company in Ontario on December 19, 1961.

Through its media holding company, Armadale Enterprises Limited (formerly Phoenix Management Limited), the group owns the Regina *Leader-Post* and the Saskatoon *Star-Phoenix* in Saskatchewan, and *Toronto Life* magazine.

The holding company, through Armadale Communications Limited (formerly Transcanada Communications Limited), in which it has a 98 per cent interest, controls radio stations CKOC (Hamilton), CKRC (Winnipeg), and CKCK (Regina), as well as CKCK-TV (Regina), together with three re-broadcasting stations serving Saskatchewan areas and has a 25 per cent interest in CFJR (Brockville).

Outside its media interests Armadale owns Jonquil Limited, a real estate firm, has a 50 per cent interest in Toronto Airways Limited, as well as an 11 per cent interest in Quality Records Limited.

History

The Sifton group represents one branch of a well-known publishing family. The major participants in Armadale Co. Limited are Clifford Sifton and his son Michael. Clifford Sifton is the son of the late Sir Clifford Sifton, former owner of the Winnipeg *Free Press,* who first acquired that paper in the late 1890s.

In 1928, the Siftons acquired the Regina *Leader-Post,* the Saskatoon *Star-Phoenix,* the *Saskatchewan Farmer,* and radio station CKCK (Regina). In 1940, they purchased station CKRC (Winnipeg), CKRM (Regina) and a one-third interest in All Canada Radio. In 1941, the Siftons purchased a 50 per cent interest in CKOC (Hamilton). In 1947, they acquired an interest in Quality Records.

The family sold Station CKRM in 1950. In 1953/54, Clifford Sifton and his late brother Victor divided their interests – with Victor retaining the Winnipeg *Free Press,* and Clifford holding the other properties.

At this time Wentworth Broadcasting, a Sifton Company, acquired a one-third interest in CHCH-TV (Hamilton). The following year Clifford Sifton acquired a licence to operate CKCK-TV (Regina).

In 1957, Wentworth Broadcasting reduced its interest in CHCH-TV to 25 per cent. The following year, the *Saskatchewan Farmer* ceased publication.

CKCK-TV satellites were established at Willowbunch and Colgate, Saskatchewan in 1962. A third satellite, CKMJ-TV (Moose Jaw) was established in 1964.

In 1963, Armadale Co. Limited acquired a one-third interest in Toronto Airways Limited.

In 1965, Armadale sold its interest in *All Canada* and in 1967, it acquired *Toronto Life* magazine.

In 1968, Armadale's interest in Toronto Airways was increased to 50 per cent and at the same time the company acquired its interest in CFJR (Brockville).

In July 1969, the Siftons severed their interests in CHCH-TV (Niagara Television Limited) and acquired the other 50 per cent of radio station CKOC (Hamilton) from Southam Press and Selkirk Holdings.

In 1970, reorganization brought the broadcasting holdings under Armadale Communications Limited (formerly Transcanada Communications Limited), and the Saskatoon *Star-Phoenix* and *Toronto Life* under Armadale Publishers Limited. At the same time, the group's media holding company changed its name from Phoenix Management Limited to Armadale Enterprises Limited.

Table 29. Media Interests of the Sifton Group

	Circulation	*Extent of Interest*
Newspapers		
Leader-Post (Regina)	65,197	100%
Star-Phoenix (Saskatoon)	50,588	100%
Broadcasting		
Radio		
CFJR-AM (Brockville)	20,300	25%
CKCK-AM (Regina)	165,200	98%
CKOC-AM (Hamilton)	139,000	98%
CKRC-AM (Winnipeg)	188,500	98%
Television		
CKCK-TV (Regina, Sask.)	191,100	98%
CKMJ-TV (Moose Jaw, Sask.)		98%
Magazines		
Toronto Life	32,000*	100%

*Provided by publisher.

THE SOUTHAM-SELKIRK GROUP

Southam Press Limited, the oldest of the media companies with a history dating back to 1877, has the largest and most diversified interests in Canadian mass media and related fields of all media groups in Canada.

The combined circulation of the eleven daily newspapers that it controls amounts to 849,364 and represents 18.0 per cent of the total Canadian circulation, making it a close second behind F.P. Publications. In addition, Southam has a 49 per cent interest in the Brandon *Sun*, a 48 per cent interest in the Kitchener-Waterloo *Record* and a 25 per cent interest in the London *Free Press*. It shares a 50 per cent interest in Pacific Press Limited, which publishes the F.P.-owned Vancouver *Sun* and the Vancouver *Province*, part of the Southam group.

The Toronto Star and Southam each own a 50 per cent interest in Southstar Publishers Limited, which publishes *The Canadian Magazine* and *Canadian Homes* for distribution as a supplement in thirteen daily newspapers, and *The Canadian Star Weekly* for newsstand distribution. Recently this group liaison was further extended by an agreement to have the Southstar publications printed by the Montreal Standard Publishing Company Limited, owned by the McConnell family interests, and publisher of the competing newspaper supplement, *Weekend*. Southstar and the Montreal Standard have also joined forces to form MagnaMedia Limited to handle advertising sales, marketing and research for the publications of both companies.

Southam has extensive broadcasting interests directly and as the largest single shareholder in Selkirk Holdings Limited (30 per cent of voting and just over 30 per

cent of non-voting stock) it has a further indirect interest in a number of radio and television stations, cable television systems, television programming, and commercial production and in advertising sales representation for several broadcasting companies.

Southam has mixed-media interests either directly or through Selkirk Holdings in Ottawa, London, Hamilton, Winnipeg (cable), Edmonton, Calgary, and Vancouver.

In addition to its daily newspapers, Southam wholly owns a national weekly newspaper dealing with economic and financial matters, *The Financial Times of Canada,* and the *News and Chronicle,* a weekly in Pointe Claire, Quebec, with a circulation of approximately 17,500. Through another wholly-owned subsidiary, Southam Business Publications Limited, the company produces thirty-four trade magazines and fifteen industrial annuals. It has a 50 per cent interest in C.O. Nickle Publishing Company, which publishes magazines relating to the petroleum field, and a 7.9 per cent interest in *Homemakers' Digest.* [1]

Through its Southam-Murray Division, the company maintains a very large printing operation, while another subsidiary produces continuous business forms. Through a variety of companies, including Trans-Canada Expositions Limited, in which it and Maclean-Hunter each own 50 per cent, Southam has extensive interests in a wide variety of trade shows. Whitehold Investments Limited of Montreal is another wholly-owned interest of Southam Press, which also has a 10.7 per cent interest in Quality Records Limited. It has an 84 per cent share of Panex Inc., a designer and producer of exhibits and displays.

Southam Press Limited is a public corporation. Its outstanding three million common shares are listed on the Montreal, Toronto, and Vancouver stock exchanges and are estimated to be held by some 2,500 individuals and corporations. While it is estimated that no single interest holds more than 3.6 per cent, control over the company is exercised by a large number of persons related to the Southam family by birth and marriage.

With a gross operating revenue in 1969 of \$104.7 million and a net profit of \$8.07 million, Southam stands out as the giant in the field of communications and related areas in Canada. With gross operating revenue in the same year of \$105 million and net profit of \$11.9 million, Thomson Newspapers Limited, represented an even larger media operation than that of Southam. But the Thomson figures include the operating results of the company's extensive media holdings in the United States. If these were excluded the remaining totals would be substantially less than those for Southam.

Southam's after-tax profit in 1969 represents 7.7 per cent of gross revenue, 7.6 per cent of operating revenue, 15.3 per cent of total assets, 31.4 per cent of fixed assets.

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[1] It was announced on August 20, 1970, that Southam Business Publications had acquired National Business Publications of Gardenvale, Quebec. The Quebec company published the following monthly and annual publications: *Canadian Doctor, Canadian Food Industries, Canadian Industrial Equipment News, Canadian Mining Journal, Canadian Pit & Quarry, Modern Dairy, Monetary Times, Pulp & Paper Magazine of Canada, Sea Harvest & Ocean Science, Shop, Canadian Mining Manual, Canadian Ports & Seaway Directory, Pulp & Paper Directory of Canada, Pulp & Paper Manual of Canada.*

Southam's Broadcasting Interests

Southam's extensive and long-standing interests in broadcasting properties fall into three categories: those in which it has a direct interest not shared by Selkirk Holdings; those in which it shares a direct interest with Selkirk; those in which its interest is only indirect as the largest single shareholder of Selkirk, a broadcasting holding company established in 1959 that had as its base the former holdings of Taylor, Pearson and Carson (Canada).

Direct Southam Broadcasting Interests Not Shared With Selkirk

Southam has a 25 per cent interest in CFPL-AM, CFPL-FM, and CFPL-TV in London, Ontario, owned by CFPL Broadcasting Limited. This interest evolves through its ownership of 25 per cent of London Free Press Holdings Limited which owns virtually all of the outstanding common shares of CFPL Broadcasting Limited. Southam also owns directly approximately 25 per cent of the outstanding preferred shares of the company. Control of the broadcasting property, as with the daily newspaper, rests with the Blackburn family.

Southam also has a 38.1 per cent interest in CKOY Limited, licencee of CKOY-AM and CKBY-FM (Ottawa). CKOY Limited in turn has a 4.9 per cent interest in Ottawa Cablevision Limited, which has a CATV system in Ottawa and one in Hazeldean. Southam has a further indirect interest through a Selkirk subsidiary, Castleton Investment, which holds a 34.3 per cent interest in Ottawa Cablevision. Pembroke Cablevision Limited is wholly-owned by Ottawa Cablevision.

Direct Southam Broadcasting Interests Shared With Selkirk

Southam has a 40 per cent voting interest in Edmonton Broadcasting Company Limited, operator of CJCA-AM and CJCA-FM, and in Calgary Broadcasting Limited, operator of CFAC-AM. In each case, Selkirk holds the remaining 60 per cent interest.

Southam also holds 25 per cent directly of Greater Winnipeg Cablevision Limited, in which Selkirk has a similar share.

Indirect Southam Broadcasting Interests Through Selkirk

Selkirk received gross revenues in 1968 of $7,037,347, on which it earned $591,754 after taxes. This represented 8.05 per cent of gross revenue, 39.9 per cent of the depreciated value of its fixed assets, which totalled $1,300,567.

In addition to the Selkirk interests already mentioned above, Selkirk wholly owns the following broadcasting properties: Niagara Television Limited which operates CHCH-TV (Hamilton) and broadcasts into Toronto; Calgary Television Limited, operator of CHCT-TV (Calgary) and satellites in Drumheller and Banff; Lethbridge Television Limited, operator of CJLH-TV (Lethbridge), a partial satellite of the Calgary station, with relays of its own in Coleman and Burmis, Alberta; Lethbridge Broadcasting, operator of CJOC; Island Broadcasting Company, operator of CJVI (Victoria); CKWX Radio Limited, operator of CKWX and CKFX (Vancouver); Interior Broadcasting Limited, operator of CJIB (Vernon).

Selkirk has a 38 per cent direct interest in Northern Broadcasting Corp. Limited, operator of CKGP (Grande Prairie, Alberta). J. S. MacKay, President of Selkirk, has a further 12 per cent voting interest in the company personally and a retired associate of the Selkirk Group, Gerald Gaetz, holds an additional 24.4 per cent.

Directly and indirectly, Selkirk has an interest of about 36 per cent in the British Columbia Television Broadcasting System Limited. This includes direct holdings of Selkirk, the holdings of a wholly-owned subsidiary, Castleton Investments, and a 44.9 per cent interest in Canastel Broadcasting Corporation Limited. (The remaining 55.1 per cent of Canastel is owned by Western Broadcasting Company.) The largest shareholder in B. C. Television with an interest of about 44.4 per cent is Western Broadcasting. B. C. Television operates CHAN-TV (Vancouver), together with a number of satellites, and CHEK-TV (Victoria). It also has a one-third interest in Okanagan Valley Television Company Limited, operator of CHBC-TV (Kelowna) and eight satellites including one in both Penticton and Vernon. Selkirk has an additional interest (33.3 per cent) in Okanagan through its subsidiary, Interior Broadcasting. Through Lethbridge Television Limited, Selkirk has a 25 per cent interest in Cablevision Lethbridge Limited. Through Canastel, Selkirk and Western Broadcasting share a 25 per cent interest in CJCH-TV (Halifax).

All-Canada Radio Television Limited, another wholly-owned Selkirk subsidiary, acts as a media representative selling advertising time for more than seventy radio and television stations across the country. An All-Canada subsidiary, ZIT Programs (Canada) Limited, provides programming services.

Selkirk holds a 50.49 per cent interest in Robert Lawrence Productions (Canada) Limited, which is engaged in production of television commercial and programmes and distribution and production of motion picture films.

Table 30. Media Interests of Southam and Selkirk

	Circulation	*Extent of Interest*
Southam Interests Unrelated to Selkirk		
Newspapers		
Dailies		
Citizen (Prince George, B.C.)	12,087	100%
Province (Vancouver, B.C.)	110,677	Control
Herald (Calgary, Alta.)	100,907	100%
Journal (Edmonton, Alta.)	150,130	100%
News (Medicine Hat, Alta.)	7,922	100%
Tribune (Winnipeg, Man.)	78,024	100%
Sun-Times (Owen Sound, Ont.)	14,739	100%
Spectator (Hamilton, Ont.)	127,195	100%
Nugget (North Bay, Ont.)	17,942	100%
Citizen (Ottawa, Ont.)	94,807	100%
Gazette (Montreal, P.Q.)	134,934	100%
Sun (Brandon, Man.)	14,145	49%
Record (Kitchener-Waterloo, Ont.)	52,619	48%
Free Press (London, Ont.)	123,488	25%
Weeklies		
Financial Times of Canada	46,633	
News and Chronicle (Pointe Claire P.Q.)	17,500	100%

Table 30. Media Interests of Southam and Selkirk (Continued)

	Circulation	Extent of Interest
Southam Interests Unrelated to Selkirk (Continued)		
Weekend Magazines		
The Canadian (Weekly)	2,025,664	50%
Canadian Homes (monthly)	2,025,664	50%
The Canadian Star Weekly (weekly)	400,000+	50%
Business Publications		
Architecture-Concept	3,049	100%
British Columbia Lumberman	6,664	100%
Canadian Architect	5,008	100%
Canadian Chemical Processing	8,630	100%
Canadian Consulting Engineer	5,093	100%
Canadian Farm Equipment Dealer	7,163	100%
Canadian Forest Industries	11,005	100%
Canadian Metalworking Production	8,923	100%
Canadian Petroleum	9,131	100%
Canadian Plastics	8,407	100%
Canadian Transportation & Distribution Management	6,195	100%
Canadian Wood Products Industries	4,298	100%
Daily Oil Bulletin		50%
Electrical Equipment News	18,930	100%
Electrical News & Engineering	8,466	100%
Electronics & Communications	11,310	100%
Engineering & Contract Record	14,384	100%
Equipment Industriel	6,307	100%
Executive	13,736	100%
Furniture & Furnishings	8,702	100%
Genie Construction	4,048	100%
Good Farming	109,192	100%
Heating, Plumbing, Air Conditioning	19,565	100%
Hospital Administration in Canada	6,343	100%
Industrial Products & Equipment	21,884	100%
Journal of Commerce	9,079	100%
L'Agriculteur Progressif[1]	18,000	100%
Mining in Canada	7,369	100%
Office Administration	15,812	100%
Opérations Forestières	4,605	100%
Plomberie Chauffage et Climatisation	5,010	100%
Shoe & Leather Journal	4,914	100%
Southam Building Guide	19,807	100%
Water & Pollution Control	8,140	100%
Business Publications – Annuals		
B. C. Forest Industry Year Book		100%
Canadian Architect Yearbook	4,938	100%
Canadian Oil Register	3,593	100%
Canadian Shoemaking	4,914	100%
Chemical Buyers Guide	8,381	100%
Chemical Processing Laboratory Guide	6,081	100%
Construction Industries Directory	14,384	100%
Electronics Procurement Index for Canada	11,310	100%
Farm Equipment Directory/Annuaire	7,163	100%
Forest Industries Directory		100%
Genie Construction Annuaire		100%
Heating, Plumbing, Air Conditioning Annual	19,565	100%
Plastics Directory of Canada	8,404	100%
Plomberie, Chauffage et Climatisation Annuaire	5,010	100%
Water & Pollution Control Directory	8,004	100%

Table 30. Media Interests of Southam and Selkirk (Continued)

	Circulation	Extent of Interest
Southam Interests Unrelated to Selkirk (Continued)		
Broadcasting		
Radio		
CFPL-AM (London, Ont.)	136,100	25% (Through London Free Press Holdings Ltd.)
CFPL-FM (London, Ont.)	20,000	
CKOY-AM[2] (Ottawa, Ont.)	90,600	38.1%
CKBY-FM (Ottawa, Ont.)		38.1%
Television		
CFPL-TV (London, Ont.)	355,300	25% (Through London Free Press Holdings Ltd.)
Broadcasting (Shared by Southam and Selkirk)		
Radio		
CFAC-AM (Calgary, Alta.)	64,600	40%S-60%Slk
CJCA-AM (Edmonton, Alta.)	141,500	40%S-60%Slk
CJCA-FM (Edmonton, Alta.)		40%S-60%Slk
Cable		
Through Greater Winnipeg Cablevision Ltd.		
CATV (Winnipeg, Man.)		25%S-25%Slk
CATV (Pinawa, Man.)		25%S-25%Slk
Broadcasting (Selkirk)		
Radio		
CFGP-AM (Grande Prairie, Alta.)	25,700	38% (an additional 36% is held by associated interests)
CJIB-AM (Vernon, B.C.)	18,900	100%
CJOC-AM (Lethbridge, Alta.)	72,400	100%
CJVI-AM (Victoria, B.C.)	32,200	100%
CKFX (sw) (Vancouver, B.C.)		100%
CKWX-AM (Vancouver, B.C.)	107,700	100%
Television		
CHAN-TV (Vancouver, B.C.)	375,900	36%
CHBC-TV (Kelowna, B.C.)	152,100	45.2% (33.3% direct and 11.9% through B.C. Television)
CHCH-TV (Hamilton, Ont.)	819,800	100%
CHCT-TV (Calgary, Alta.)	206,000	100%
CHEK-TV (Victoria, B.C.)	101,000	36%
CJCH-TV (Halifax, N.S.)	236,100	11.2% (through Canastel Broadcasting Corp. Ltd.)
CJLH-TV (Lethbridge, Alta.)	72,400	100%

Table 30. Media Interests of Southam and Selkirk (Continued)

	Circulation	Extent of Interest
Broadcasting (Selkirk) (Continued)		
Cable		
Through Ottawa Cablevision Limited		
CATV (Ottawa, Ont.)		34.3%
CATV (Hazeldean, Ont.)		34.3%
Through Pembroke Cablevision Limited		
CATV (Pembroke, Ont.)		34.3%
Through Cablevision Lethbridge Limited		
CATV (Lethbridge, Alta.)		25%

[1]First issue November 1969. Circulation figure provided by publisher.

[2]CKOY Limited owns 4.9 per cent of Ottawa Cablevision Limited which has CATV systems in Ottawa and Hazeldean.

STANDARD BROADCASTING CORPORATION LIMITED

Standard Broadcasting Corporation Limited is a holding company which, through subsidiaries, owns and operates radio broadcasting stations in Toronto and Montreal, operates background music services in Quebec and the Maritimes and hourly news services across Canada, and acts as a time-sales representative for radio and TV stations.

The company is controlled by Argus Corporation, one of Canada's major holding companies; shareholders holding 5 per cent or more of Argus' common (voting) shares as at July 31, 1969, were: The Ravelston Corporation Limited; Shawinigan Industries Limited; Windfields Farm Limited; Gormley Investments Limited.

Argus Corporation also has controlling interest in Dominion Stores, Domtar Limited, and Massey-Ferguson Industries Limited, as well as large shareholdings in British Columbia Forest Products and Hollinger Mines.

The flagship of Standard Broadcasting Corporation Limited is radio station CFRB (Toronto). CFRB's listening audience is estimated to equal that of all other Toronto stations combined, with more than one million people listening to the station every week.

History

The company was incorporated under Dominion charter on May 30, 1925, as the Standard Radio Manufacturing Corporation, Limited. In 1929 capitalization was altered and the name changed to Rogers-Majestic Corporation Limited.

In 1934, assets of Consolidated Industries Limited were acquired, including shares of De Forest Radio Corp. Limited; Norge Corp. of Canada Limited; Hammond Company of Canada, Limited; and Consolidated Industries Products Limited.

In 1941, all the assets of Rogers-Majestic Corporation Limited, except shares and bonds of Rogers Radio Broadcasting Company and shares of Canadian Radio Artists Bureau Limited, were sold to Small Electric Motors (Canada) Limited for \$645,000 net. In 1941, the name of the company was changed to Standard Radio Limited.

In 1959, the company made an unsuccessful bid to obtain a licence to operate the first private commercial television station in the Toronto area.

Late in 1960, the company purchased all the outstanding shares of CJAD Limited, a leading English-language radio station in Montreal, Radio Time Sales (Quebec) Limited, and Radio Time Sales (Ontario) Limited.

Subsequent to this acquisition Radio Time Sales (Quebec) Limited was taken over by CJAD Limited, while Radio Time Sales (Ontario) Limited was accounted for as a dormant subsidiary.

In December, 1960, the company incorporated Standard Broadcast Sales Limited as a time-sales representative company for radio.

On July 1, 1961, CKFM, CFRB's FM station began separate broadcasting. CJFM, CJAD's FM station commenced operations in October, 1962.

In December, 1962, Standard Broadcast Sales Limited and Radio Time Sales (Ontario) Limited were amalgamated to form Standard Broadcast Sales Company Limited.

In 1963, CJAD, a Background Music Service, using the transmission facilities of CJFM (Montreal) was introduced. A similar service, using the transmission facilities of CKFM (Toronto) was formed in 1966.

Early in 1966 the company formed Canadian Standard Broadcast Sales Inc., incorporated in New York as an American sales organization. The company acquired the business of the American sales representative which formerly handled Standard Radio Limited time sales in the United States.

In June, 1966, the company formed a new, wholly-owned subsidiary, Standard Broadcast Productions Limited to produce and distribute syndicated Canadian programme material for radio stations.

Standard Broadcast Productions subsequently launched Standard Broadcast News, a service which delivers news reports from both Canada and abroad to subscribing stations in some fifteen localities across Canada.

Included in the company's operations is the Canadian Talent Library, a non-profit trust which distributes recordings by Canadian artists to 172 Canadian stations.

In the 1967-68 fiscal year the company formed Standard Sound Systems Company Limited as a wholly-owned subsidiary to take over the background music services in Toronto and Montreal. The Toronto operation was sold in October, 1968, with the acquisition of the Muzak franchise for Montreal, Quebec and the Maritimes.

In July, 1968, the corporate name of the company was changed to the present title.

Standard Broadcasting has tried unsuccessfully for years to obtain a television licence for a third VHF channel in Toronto. At one point the company had arranged with CKCO-TV (Kitchener-Waterloo) and WOKR-TV (Rochester, N.Y.), both using Channel 13, to take over that channel for themselves, with CKCO-TV moving to Channel 6 when the CBC's CBLT moved to Channel 5. However, the C.R.T.C. chose to make Channel 6 available in the London area for the CBC and in the Kingston-Belleville area for a new television station.

Standard Broadcasting has also bid for a UHF channel for the Toronto area against three others, including a partnership composed of Toronto Star Limited and The Montreal Star Company Limited, and Canadian Film Industries. The fourth bidder is Niagara Television Limited, licencee of CHCH-TV (Hamilton), which is owned by Selkirk Holdings.

Financial Position

Consolidated net income for the year ended March 31, 1969, increased by 17 per cent to $2,247,234. Gross revenues were 18 per cent higher at $10,660,936 against $8,984,543 for the previous year.

Table 31. Media Interests of Standard Broadcasting

	Circulation	Extent of Interest
Radio		
CFRB-AM (Toronto, Ont.)	852,500	100%
CFRX (sw) (Toronto, Ont.)		100%
CJAD-AM (Montreal, P.Q.)	310,000	100%
CJFM-FM (Montreal, P.Q.)	27,000	100%
CKFM-FM (Toronto, Ont.)	81,600	100%

TÉLÉMÉDIA (QUÉBEC) LIMITÉE

Philippe de Gaspé Beaubien came to broadcasting in 1968 following four years as Chief Administrator of Expo facilities. For about two years he was the President of Québec Télémédia Inc., the broadcast holding company owned by Power Corporation. In 1970, Power Corporation determined to separate itself from all involvement in communications media. Beaubien agreed to purchase all the holdings of Télémédia Inc. and its name and gained C.R.T.C. approval on June 17, 1970. In addition, he bought with approval, CKCH-AM and CKCH-FM in Hull, previously owned by La Compagnie Radiodiffusion CKCH de Hull Ltée.

The Québec Télémédia holdings were extensive and valuable. Mr. Beaubien's new holding company, Télémédia (Québec) Ltée, financed the transaction by giving back to Télémédia Inc. and Trans Canada Corporation Fund, notes totalling $7.25 million. These companies do not have any ownership of or management involvement with Télémédia (Québec) Ltée.

The holdings of Télémédia (Québec) Ltée are:

1 CHLT Télé 7 Ltée and CHLT Radio Sherbrooke Ltée
(CHLT-TV, with rebroadcast to Edmundston, N.B.;
CHLT-AM, with rebroadcast to Causapscal; and
CHLT-FM in Sherbrooke only)

2 CKTS in Sherbrooke, sold some years ago by the Bassett family to Power Corporation

3 CJBR-TV Ltée and CJBR Radio Ltée
(TV, AM and FM radio in Rimouski with television rebroadcast to Edmundston, N.B. and AM radio to Causapscal)

4 CKAC Ltée, AM radio in Montreal
5 Radio Trois Rivières Inc.; CHLN-AM radio
6 CKCH-AM in Hull

The purchase of CKAC and CHLN had been completed by the previous Power Corporation company, but had not received C.R.T.C. approval. The companies were transferred directly to Télémédia (Québec) Ltée. The approval of this transfer of ownership was granted with some reservation on the part of the C.R.T.C.:

> The Commission is satisfied that acceptance of these proposals will clarify a series of complicated situations and may enable the new owner to maintain or improve the service provided by these stations. It is concerned, however, about the concentration of ownership of both radio and television to the extent proposed in these applications and about the large financial interests of a corporation whose principals own a considerable interest in other media.
> The Commission is developing licensing policies which will take into account concentration of ownership in the media. After such policies are established, the Commission may examine this matter with the new company.

Table 32. Media Interests of Télémédia (Québec) Limitée

	Circulation	*Extent of Interest*
Radio		
CHLN-AM (Trois-Rivières)	59,800	100%
CHLT-AM (Sherbrooke)	34,900	100%
CHLT-FM (Sherbrooke)	10,000	100%
CJBR-AM (Rimouski)		100%
CJBR-FM (Rimouski)	96,100	100%
CJBR-AM (rebroadcast Causapscal)		100%
CKAC-AM (Montreal)	264,900	100%
CKCH-AM (Hull)	33,400	100%
CKCH-FM (Hull)		
CKTS-AM (Sherbrooke)	18,600	100%
Television		
CHLT-TV (Sherbrooke)	411,200	100%
CJBR-TV (Rimouski)	128,400	100%
CJBR-TV (rebroadcast Edmundston)		

THE THOMSON GROUP

Lord Thomson has world-wide media interests. His North American interests are linked in a highly complex corporate structure. These interests are operated, in the main, by Thomson Newspapers Limited, which is 72.6 per cent controlled by Lord Thomson's Woodbridge Company Limited. Woodbridge's wholly-owned subsidiary O.B.G. Holdings, through Home Newspapers Limited owns the Brampton *Daily Times and Conservator* (which in turn is managed by Thomson Limited), and the Georgetown *Herald.* The Thomson Corporation, which has a token direct interest in Thomson Newspapers Limited, owns the Kirkland Lake *Northern Daily News,* which is also managed by Thomson Newspapers Limited.

The Peterborough Examiner Company Limited has a 1.85 per cent interest in Thomson Newspapers Limited. Petex Publishing Limited, in which Thomson Newspapers Limited has 99 per cent control, publishes the Peterborough *Examiner,* a paper formerly owned by the late Senator W. Rupert Davies.

Thomson Newspapers Limited, directly and through subsidiaries, publishes thirty daily newspapers in Canada – eighteen in Ontario, four in British Columbia, two in Saskatchewan, two in Prince Edward Island, two in Newfoundland, one in Nova Scotia and one in Quebec. They have a combined circulation of 400,615, or 8.5 per cent of the Canadian total. In addition, the company publishes eleven weeklies, three bi-weeklies and one triweekly. These publications have a total circulation of 72,275.

The company also runs commercial printing establishments in conjunction with sixteen of these papers, as well as a retail stationery and office equipment business in Kamloops.

Petex Publishing Limited owns a 50 per cent interest in a Peterborough photo-engraving firm.

Thomson Newspapers Inc., a wholly-owned subsidiary of Thomson Newspapers Limited, publishes directly and through subsidiaries some forty-four daily and weekly newspapers throughout the United States. The Thomson group has world wide publishing interests – two of which are *The Sunday Times* and *The Times of London.*

Until July, 1970, Thomson, both alone and in conjunction with the Davies family who publish the Kingston *Whig-Standard,* had broadcast interests in a number of Ontario communities. The C.R.T.C. approved the transfer of these holdings to Bushnell Communications Limited stating that "the separation of a group of broadcasting stations from a significant newspaper group" was, in the eyes of the Commission, "desirable."

History

Under letters patent dated June 30, 1947, the Thomson Company Limited was formed through amalgamation of Thomson Publishing Company Limited and Northern Broadcasting and Publishing Limited.

Northern Broadcasting and Publishing Limited was originally incorporated August 30, 1932, and in 1939 acquired the assets and publishing rights to the *Daily Press,* Timmins, a newspaper founded by Lord Thomson in 1934. In 1947, before the amalgamation, Northern Broadcasting sold its broadcasting rights and acquired the assets and publishing rights to the Guelph *Daily Mercury* and the Chatham *Daily News.*

The Thomson Publishing Company was incorporated June 6, 1944, to acquire the assets and publishing rights to the Sarnia *Observer, The Evening Tribune* (Welland-Port Colbourne), *The Daily Sentinel Review* (Woodstock), and *The Evening Reporter* (Galt). Subsequently, Thomson Publishing purchased all outstanding stock of Northern News Limited, which owned and operated the Kirkland Lake daily newspaper.

On October 3, 1958, the name of the company was changed from The Thomson Company Limited to Thomson Newspapers Limited.

In November, 1965, the company made an initial offering of its common stock to the Canadian public through the sale of 720,000 shares at $15.50 per share. Following the sale, some 80 per cent of the outstanding common shares were held through holding companies or trusts by Lord Thomson's family.

In December, 1967, the company, through its American subsidiary, Thomson Newspapers Inc., acquired the Brush-Moore Newspapers, Inc. Later Canadian newspaper acquisitions included the Peterborough *Examiner,* in 1968, purchased from the Davies interests. The latest takeovers were the St. John's *Telegram* and the Cornerbrook *Western Star* from the Herder family of St. John's, Newfoundland.

Financial Position

Thomson Newspapers Limited for the year ended December 31, 1968 had a consolidated net profit of $9,107,290, an increase of 59.7 per cent over the previous year. Gross operating revenue for the year ended December 31, 1968 amounted to $92,861,000, compared to $50,986,000 in 1967.

Table 33. Media Interests of the Thomson Group

	Circulation	*Extent of Interest*
Newspapers		
Dailies		
Daily Sentinel (Kamloops)	9,493	100%
Daily Courier (Kelowna)	8,115	100%
Daily Free Press (Nanaimo)	9,342	100%
Herald (Penticton)	6,317	100%
Times-Herald (Moose Jaw)	9,318	100%
Daily Herald (Prince Albert)	8,189	100%
Examiner (Barrie)	10,183	100%
Daily Times & Conservator (Brampton)	7,863	100%
Daily News (Chatham)	15,129	100%
Standard-Freeholder (Cornwall)	14,447	100%
Evening Reporter (Galt)	13,824	100%
Mercury (Guelph)	17,519	100%
Northern Daily News (Kirkland Lake)	6,460	100%
Daily Packet and Times (Orillia)	7,953	100%
Times (Oshawa)	24,452	100%
Observer (Pembroke)	7,861	100%
Examiner (Peterborough)	23,026	99%
Observer (Sarnia)	18,603	100%
Star (Sudbury)	35,362	100%
Daily Times-Journal (Thunder Bay)	17,105	100%
News-Chronicle (Thunder Bay)	15,766	100%
Daily Press (Timmins)	11,779	100%
Evening Tribune (Welland)	19,409	100%
Daily Sentinel-Review (Woodstock)	10,229	100%
Chronicle-Telegraph (Quebec)	4,523	100%
Evening News (New Glasgow)	10,055	100%
Guardian (Charlottetown)	16,414	100%
Evening Patriot (Charlottetown)	4,478	100%
Western Star (Corner Brook)	7,884	99.9%
Telegram (St. John's)	29,517	99.9%
Weeklies		
Enterprise (Yorkton)	7,578	100%
Chronicle (Arnprior)	2,828	100%
Enterprise-Bulletin (Collingwood)	4,485	100%
Chronicle (Dunnville)	3,521	100%
Standard (Elliot Lake)	2,500	100%
Standard (Espanola)	2,159	100%
Herald (Georgetown)	4,589	100%

Table 33. Media Interests of the Thompson Group (Continued)

	Circulation	Extent of Interest
Post (Hanover)	3,271	100%
Post and News (Leamington)	5,158	100%
Banner (Orangeville)	4,523	100%
Northern Light (Bathurst)	5,296	100%
Bi-weeklies		
News (Vernon)	6,617	100%
Sun (Swift Current)	6,589	100%
Free Press Herald (Midland)	5,848	100%
Tri-weeklies		
Trentonian (Trenton)	7,313	100%

Source: Canadian Advertising Rates and Data, December, 1969

TORONTO STAR LIMITED

Toronto Star Limited was originally founded in 1892 as the Star Printing & Publishing Company Limited. Control was acquired by J. E. Atkinson in the early 1900s, and in 1933 it sold all its realty to Toronto Star Realty Limited and all undertakings and other assets to The Toronto Star Limited.

Upon the death of Mr. Atkinson in 1948 his will provided that the shares in the capital stock of the two companies should ultimately belong to The Atkinson Charitable Foundation. The Charitable Gifts Act passed by the Ontario Legislature made it impossible to carry out the terms of the will, and, early in 1958, the Supreme Court of Ontario granted approval for the newly-formed Hawthorn Publishing Company Limited to purchase the predecessor companies. The name of the company was changed to Toronto Star Limited by Supplementary Letters Patent as of April 30, 1958.

Under letters patent of almalgamation dated April 3, 1967, the former company Toronto Star Limited and Charth Investment and Publishing Company Limited amalgamated to form a new company under the corporate name of Toronto Star Limited. Charth Investment was incorporated as a private company by letters patent of Ontario dated May 8, 1958, and operated as an investment company whose sole holding, at the time of the merger, consisted of the majority of the common stock of Toronto Star Limited.

The purpose of the amalgamation was to provide a suitable share structure for the future sale of nonvoting shares to the public, if so required.

Total revenue for the 1968-1969 fiscal year increased to $52,275,000 from $48,535,000 for the previous fiscal year. Consolidated net income for the year ended September 30, 1969, amounted to $11,559,000 (including profit on sale of land and equipment of $8,790,000) compared with $1,523,000 (after deducting severance pay of $120,000) for the year ended September 30, 1968.

A 2-for-1 split of Class B, C, D, and common shares was effected by S.L.P. dated March 2, 1970. Earnings per share based on the new combined Class B, C, D, and common shares, after giving effect to the 2-for-1 split in March, 1970, were $4.81

in 1968-69 and 63 cents in 1967-68; the 1968-69 figure includes an extraordinary gain of $3.66 per combined share, against an extraordinary loss of 5 cents per combined share in 1967-68.[2]

Toronto Star Limited publishes the Toronto *Daily Star,* Canada's largest daily newspaper with a circulation of 387,418.

Toronto Star Limited has had an interest in a significant number of weekly newspapers in and around Metro Toronto for some years. This information was not generally known until last year when the company announced that it had acquired full ownership of the Oakville *Daily Journal-Record,* a daily newspaper published in suburban Oakville, and the *South Peel Weekly* of Port Credit.

The company previously shared equal partnership in the two papers with the Thomson Group. At the same time, the Thomson Group acquired full ownership of the Brampton *Daily Times and Conservator,* a daily newspaper, and the Georgetown *Herald,* a weekly. These two papers had also been previously jointly owned by the two groups.

Toronto Star Limited was one of the unsuccessful applicants for the first private television licence issued in the Toronto area. Recently, the company joined with Infocor, a sister company of The Montreal *Star,* to file application with the C.R.T.C. for an UHF television licence in Toronto. The application was denied. The company has filed an application to purchase York Cablevision which owns a system in Toronto and is currently controlled by the Columbia Broadcasting System and S. W. Welsh. This application is still pending.

Southstar Publications Limited

In 1965 Toronto Star Limited entered into a fifty-fifty partnership with Southam Press Limited to form a new company, Southstar Publishers Limited for the purpose of publishing a new weekly magazine supplement, *The Canadian,* and a monthly supplement, *Canadian Homes.*

The Canadian, with a combined circulation of 2,025,664 is distributed in nine Southam papers – Vancouver *Province,* Edmonton *Journal,* Calgary *Herald,* Medicine Hat *News,* Winnipeg *Tribune,* Hamilton *Spectator,* Ottawa *Citizen,* North Bay *Nugget,* and Montreal *Gazette;* two Sifton group papers – Saskatoon *Star-Phœnix* and Regina *Leader-Post;* the London *Free Press* and the Toronto *Daily Star.*

Canadian Homes is distributed with *The Canadian* in these same papers.

In October, 1968, the ailing *Star Weekly,* whose circulation dropped from 860,127 in 1958 to 685,739 in 1966 was replaced by *The Canadian Star Weekly* which is sold on newsstands and by carrier boys throughout the country.

President B. H. Honderich indicated in the 1968 annual report of Toronto Star Limited that the new publication had relieved the strain on production capacities at its Toronto harbour plant and improved the competitive position of *The Canadian.*

One year later it was announced by Southstar Publishers Limited that *The Canadian* and *Canadian Homes* would be printed in Montreal by the Montreal

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[2] *The Financial Post Corporation Service,* August 4, 1970.

Standard Publishing Company Limited, the company which publishes *Weekend,* a direct competitor to *The Canadian. Weekend,* which has a combined circulation of 2,848,000 is distributed in thirty-nine newspapers across Canada and by controlled circulation in five other cities.

At the same time it was announced that Southstar Publishers Limited and the Montreal Standard Publishing Company Limited, had formed a new company, MagnaMedia Limited, for the purpose of advertising sales, marketing and research for the weekly supplements published by the holding companies.

Table 34. Media Interests of Toronto Star Limited

	Circulation	*Extent of Interest*
Newspapers		
Dailies		
Daily Journal-Record (Oakville)	7,792	100%
Star (Toronto)	387,418	100%
Weeklies		
Gazette (Burlington)	9,085	100%
Times (Mississauga)	13,202	100%
Metropolitan Toronto area:		
Aurora Banner	5,143	100%
Richmond Hill Liberal	7,890	100%
Willowdale Enterprise	13,472	100%
Scarborough Mirror	37,922	50%
Don Mills Mirror	53,512	50%
The Lakeshore Advertiser	10,000*	75%
Weston-York Times	4,149	75%
Woodbridge and Vaughan News	3,010	75%
The Etobicoke Advertiser-Guardian	19,443	75%
Weekend Magazines		
The Canadian (weekly)	2,025,664	50%
Canadian Homes (monthly)	2,025,664	50%
The Canadian Star Weekly (weekly)	400,000+	50%

*Report by publisher to Committee

WESTERN BROADCASTING COMPANY LIMITED

Formed as a public corporation in 1965, Western Broadcasting Company Limited has rapidly expanded its holdings in the broadcasting field.

Western Broadcasting took over the broadcasting interests formerly held by its principal shareholders at the time of incorporation. These are station CKNW-AM (New Westminster, B.C.) and CJOB-AM and CJOB-FM (Winnipeg, Man.), along with the minority interest in British Columbia Television Broadcasting System Limited held by a subsidiary, Saturna Properties Limited.

Over the last few years, Western Broadcasting has substantially increased its interest in B. C. Television, which operates CHAN-TV (Vancouver) and CHEK-TV (Victoria) and has a one-third interest in Okanagan Valley Television Company Limited, which owns CHBC-TV (Kelowna). Recently B. C. Television has been

given authority by the C.R.T.C. to undertake a major expansion of its system through establishment of new relay transmitters.

Western Broadcasting is now the largest single shareholder in B. C. Television. In addition, the company has indirect holdings in the company together with Selkirk through the shares held by Canastel Broadcasting Corporation Limited. Therefore, Western's total beneficial ownership in B. C. Television is about 44.4 per cent.

Through its interest in Canastel, Western also shares a 25 per cent interest in CJCH-TV (Halifax) with Selkirk. The remaining shares in the Halifax station are owned by the CTV Network.

Western recently has also acquired a 100 per cent interest in Express Cable Television Limited in North Vancouver.

In the fiscal year ending March 31, 1969, Western had gross earnings of $1,439,000 and a net income of $678,000 on total assets of $7,313,000.

Shares of the company are listed on the Toronto and Vancouver Stock Exchanges. Effective control is exercised by Frank A. Griffiths, President, through a voting trust agreement.

Table 35. Media Interests of Western Broadcasting Company Limited

	Circulation	*Extent of Interest*
Broadcasting		
Radio		
CFMI-FM (New Westminster)		100%
CHQR-AM (Calgary)	62,700	100%
CJOB-AM (Winnipeg)	141,300	100%
CJOB-FM (Winnipeg)	14,800	100%
CKNW-AM (New Westminster)	236,500	100%
Television		
CHAN-TV (Vancouver)	375,900	44.4%
CHBC-TV (Kelowna)	152,100	14.8% (Through B.C. Television Ltd.)
CHEK-TV (Victoria)	101,000	44.4%
CJCH-TV (Halifax)	236,100	13.8% (Through Canastel Broadcasting Corp. Ltd.)
Cable		
Through Express Cable Television Ltd. CATV (North Vancouver)		100%

Part II

ECONOMICS OF THE MASS MEDIA

Section One: ADVERTISING

Chapter 1:

THE ECONOMIC IMPORTANCE OF ADVERTISING

INTRODUCTION

No clear understanding of the structure and role of mass media in Canada today is possible without a clear understanding of the relationship between advertising and non-advertising content of a newspaper or radio or television programming. Publishing a newspaper or operating a private broadcast station is a business, and the owners must receive more revenue than they spend if the enterprise is to survive. The major source of that revenue is advertising, and the economics of advertising ultimately determine all other decisions basic to the operation of a newspaper or broadcast station. Without an audience, advertising is useless; thus the number of readers, listeners, or viewers helps directly to determine how much advertising a newspaper or station can get, and how much it can charge for it.

It is in the area of the *real* relationships between audience, non-advertising content, and advertising that confusion most often arises in respect to the structure and role of mass media. Non-advertising content – news, information, and entertainment – is the primary means of attracting readers, listeners, and viewers. Advertisements, *in the strict content sense,* are of secondary importance and interest to the vast majority of the audience, although advertisements also contribute to informing (and, to a lesser degree, to entertaining) the audience. But, in the strict economic sense, media require an audience primarily to provide customers for the firms that buy advertising in the media in order to sell their goods and services.

No free-enterprise broadcast station or newspaper can survive indefinitely if too large a proportion of its audience does not respond to its advertisements; the medium must either change its content to attract an audience that is more responsive to advertising or lose advertising to another medium. Newspapers and broadcast stations devote the largest part of their promotion and research effort to attempt to prove to advertisers and advertising agencies that their particular audience is large, strategically located, affluent, and responsive to advertisements by buying the goods and services being advertised.

This description of the financial objectives of the mass media in no way questions or denigrates the importance and sincerity of their other, equally basic objectives – to entertain tastefully, to educate, to inform objectively, or to

stimulate public discussion. It merely recognizes that the simple facts of life in a free-enterprise economy ultimately dictate all other policies and actions in the media industries, just as they do in all other profit-motivated industries.

The historic union between the media and advertising can be attributed primarily to a communality of purpose: each is concerned with the dissemination of information, in the broadest sense of the word information. Publishers, broadcasters, and advertisers have a "message" they undertake to distribute to a large portion of the public. Given this common purpose, it is not unexpected that they have found the means used by the one are also suited to the other. It is nevertheless conceivable that publishers and broadcasters could undertake to inform and entertain independently of those who inform for the purpose of advertising. In order to do so, the former would have to meet their costs of production by charging consumers directly for services rendered. In publishing, this would result in a much higher direct price to the consumer than that which now prevails for newspapers and periodicals. In broadcasting, it would require a completely different distribution system. Closed circuits would have to be utilized so that charges could be assessed to those using the services – and, again, the direct price to the consumer would be much higher than it is under the present system.

There are slightly over five million households in Canada today. Each of these households is an active or potential consumer of consumer goods produced by Canadian industry. Any effort to inform these households of the kinds of consumer goods available is a gigantic marketing endeavour. The mass media are well suited to this marketing operation. It is no exaggeration to suggest that there is no other marketing technique known today that would make it economically feasible to mass-market consumer goods.

THE ECONOMICS OF ADVERTISING

Advertising constitutes approximately 55 per cent of the gross income of the Canadian broadcasting industry, 65 per cent of the gross income of the newspaper publishing industry, and 70 per cent of gross income accruing to publishers of periodicals. (The figure for broadcasting appears low because of grants from the federal government to the CBC. In the private broadcasting sector, advertising accounts for 93 per cent of gross revenues.)

The demand for advertising depends on three things: first, the nature of the product to be advertised; second, the size of the firm advertising; and, third, the nature of the market for the product. The most important aspect of the demand for advertising is, of course, the nature of the product. Heavy advertising occurs in oligopolistic markets with non-price competition among slightly differentiated products – for example, soaps, gasoline, and cigarettes.

The rapid growth of advertising revenues in recent years can be attributed to several factors: first. to technological advances which create new wants; second, to highly specialized markets; third, to technological advances in selling techniques; fourth, to increased competition in all markets; and, finally, to the growth in number of media outlets, in population, and in the numbers of media users.

Since 1950, total net advertising has more than tripled in Canada. In 1950, total expenditure was $227.9 millions; by 1956, expenditures had nearly doubled, to $448.4 millions, and, by 1968, they had more than doubled again, to $1,010.1 millions (Table 36). Broadcasting, of course, has seen the greatest growth in advertising revenue (See Chart 4), largely because of the commercial introduction of television. Television's phenomenal growth can be accounted for by the fact that it reaches the entire cross-section of the nation more continuously and more intensively than any other medium. Although the advertising cost per unit is highest in television because television is the most influential medium, the return from investment in television advertising, although not quantifiable, is believed to be the highest for many products.

Table 36. Total Advertising Expenditures, Canada, 1950-1968.

	Total Advertising Expenditures	Change From Year Previous
	Dollars	Per Cent
1950	228,000,000	
51	254,300,000	11.6
52	285,000,000	12.1
53	323,500,000	13.5
54	356,200,000	10.1
55	395,600,000	11.1
56	448,400,000	13.3
57	477,500,000	6.5
58	504,400,000	5.6
59	541,100,000	7.3
60	573,600,000	6.0
61	609,000,000	6.2
62	642,600,000	5.5
63	677,200,000	5.4
64	725,700,000	7.2
65	800,000,000	10.2
66	868,000,000	8.5
67	933,600,000	7.6
68*	1,010,000,000	8.2

*Estimated
Source: D.B.S., Catalogue No. 63-216.

ADVERTISING EXPENDITURES AND EXPENDITURES ON GOODS AND SERVICES

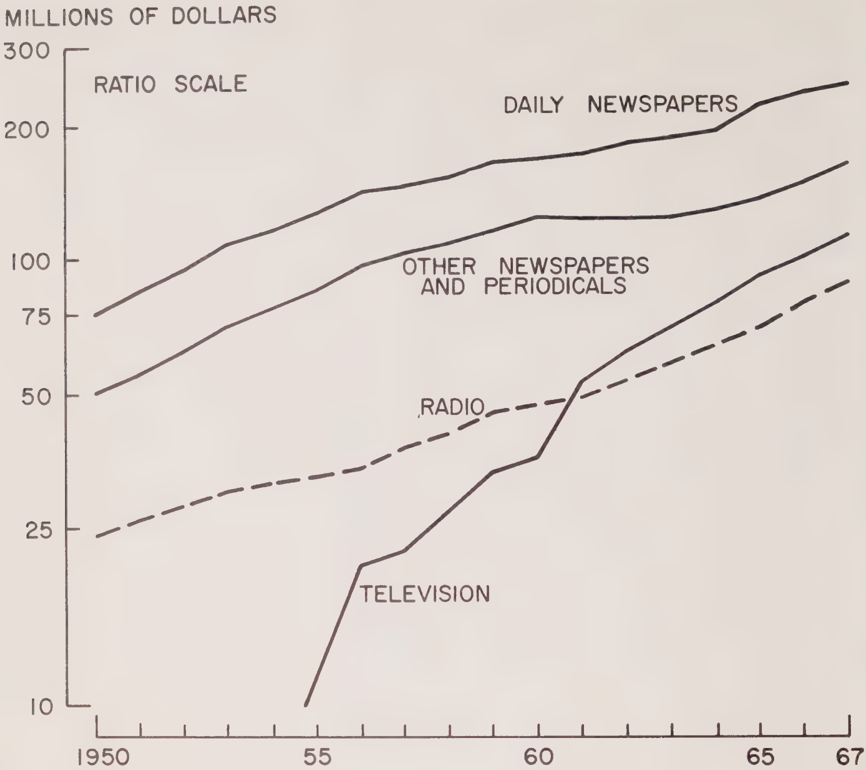
In Table 36, three distinct trends can be noted in the rate of growth of total advertising expenditures during the period 1950-68.

The first notable trend is to be found between the years 1950 and 1956, when advertising expenditures increased at a rate considerably faster than the over-all trend for the period as a whole.

The second trend is to be found between the years 1956 and 1963, when the rate of growth slowed considerably, relative to the period 1950-56.

Chart 4

GROWTH OF MEDIA ADVERTISING, BY MEDIUM, 1950–1967.



The third trend can be found in the period 1963-68, when the rate of growth of advertising expenditures was faster than that prevailing in the period 1956-63 but not so fast as that prevailing between 1950 and 1956.

The data in Table 37 indicate the relationship between total advertising expenditures in Canada and gross national expenditures, expenditures on consumer goods, and retail sales.

As can be seen from Table 37, movements in advertising expenditures have been closely related to movements in expenditures on consumer goods and services. Changes in advertising expenditures follow the pattern of changes in consumer expenditures much more closely than changes in either gross national expenditures or retail sales. This result was not unexpected, since consumer products receive the greatest emphasis in advertising programmes. But while rates of change in advertising expenditures have corresponded closely to rates of change in expenditures on consumer goods and services, the two have not completely paralleled each other. Column 5 in table 37, indicates total advertising expenditures as a percentage of expenditures on,consumer goods and services.

Table 37. Advertising Expenditures, Gross National Expenditures, Consumer Expenditures & Retail Sales Canada, 1950-1968

Year	Advertising Expenditures	Gross National Expenditures	Advertising Expenditures As Per Cent of G.N.P.	Expenditures On Consumer Goods and Services	Advertising Expenditures as Per Cent of Consumer Spending On Goods and Services	Retail Sales	Advertising Expenditures As Per Cent of Retail Sales
	Dollars		Per Cent	Dollars	Per Cent	Dollars	Per Cent
1950	227,959,000	17,955,000,000	1.27	11,991,000,000	1.90	9,620,000,000	2.37
51	254,345,000	21,060,000,000	1.21	13,399,000,000	1.89	10,693,000,000	2.37
52	285,053,000	24,042,000,000	1.19	14,818,000,000	1.93	11,532,000,000	2.47
53	323,565,000	25,327,000,000	1.40	15,717,000,000	2.06	12,128,000,000	2.67
54	356,223,000	25,233,000,000	1.41	16,561,000,000	2.15	12,066,000,000	2.95
55	395,628,000	27,895,000,000	1.42	17,902,000,000	2.21	13,112,000,000	3.02
56	448,498,000	31,374,000,000	1.43	19,466,000,000	2.30	13,299,000,000	3.37
57	477,578,000	32,907,000,000	1.45	20,886,000,000	2.29	13,670,000,000	3.49
58	504,417,000	34,094,000,000	1.48	22,211,000,000	2.27	14,795,000,000	3.40
59	541,101,000	36,266,000,000	1.49	23,620,000,000	2.29	15,381,000,000	3.51
60	573,684,000	37,775,000,000	1.52	24,705,000,000	2.32	15,527,000,000	3.71
61	609,063,000	39,080,000,000	1.56	25,120,000,000	2.43	16,073,000,000	3.78
62	642,613,000	42,353,000,000	1.52	26,636,000,000	2.41	17,137,000,000	3.75
63	677,213,000	45,465,000,000	1.49	28,364,000,000	2.39	18,207,000,000	3.71
64	725,711,000	49,783,000,000	1.46	30,647,000,000	2.37	19,493,000,000	3.72
65	800,064,000	54,897,000,000	1.46	33,134,000,000	2.42	21,155,000,000	3.78
66	868,047,000	61,421,000,000	1.41	36,057,000,000	2.41	22,678,000,000	3.82
67	933,682,000	65,608,000,000	1.42	38,998,000,000	2.39	23,785,000,000	3.92
68*	1,010,000,000	71,454,000,000	1.41	42,360,000,000	2.38	25,412,000,000	3.97

*Estimated
Source: D.B.S.

The period between 1950 and 1956 was one in which there was a marked increase in the intensity of advertising relative to consumer expenditures. This intensification can be attributed partially to the large increase in circulation of the mass media during the previous decade, and partially to the reaction of business to profitable advertising results during the take-off in consumer spending which occurred during the 1940s.

The period 1957-60 was one of relative stability in advertising expenditures, with growth in spending on advertising pretty well paralleling the growth in spending on consumer products. However, by 1960 the impact of television had made itself felt in two ways. First, by 1960, television coverage had reached sufficient size to make television appealing as a form of mass advertising coverage. Second, by 1960, advertisers were becoming aware that television advertising was more effective for some products than advertising through the other, older media. These realizations led to a significant spurt in total advertising spending from a level of approximately 2.30 per cent of consumer spending in 1960, to a new level of approximately 2.40 per cent in 1961. Since 1961, total advertising expenditures as a percentage of consumer expenditures have remained relatively constant in the range of 2.40 per cent.

Column 3 contains the results of advertising expenditures calculated as a percentage of Canadian G.N.P. And column 7 contains the results of advertising expenditures calculated as a percentage of total retail sales in Canada. As can be seen, there is a great deal more variability in these percentages than in the percentages found in column 5.

As has been already stated, spending by business on advertising tends to be related much more directly to spending on consumer goods and services than to either G.N.P. or retail sales. For this reason, care must be taken in drawing conclusions concerning trends in advertising expenditures. For instance, the fact that the ratio of advertising expenditures to G.N.P. is falling has led some to conclude that the emphasis on advertising in the Canadian economy is declining. In fact this is simply a reflection of the fact that sales of consumer goods and services are declining as a proportion of G.N.P. in Canada. Advertising expenditures appear to have stabilized in the range of approximately 0.03 percentage points on either side of 2.40 per cent of expenditures on consumer goods and services.

COMPARISON OF ADVERTISING EXPENDITURES IN CANADA AND THE UNITED STATES

Table 38 shows advertising expenditures in the United States for selected years by type of medium.

Table 38. Advertising Expenditures in the United States, 1950-1968

Year	Total Advertising Expenditures	G.N.P.	Advertising Expenditures as a per cent of G.N.P.	Expenditure on Consumer Goods and Services	Advertising Expenditures as a per cent of expenditure on Consumer Goods and Services
	Dollars		Per Cent	Dollars	Per Cent
1950 ...	5,710,000,000	284,600,000,000	2.01	195,000,000,000	2.92
51 ...	6,426,000,000	329,000,000,000	1.95	209,800,000,000	3.06
52 ...	7,156,000,000	347,000,000,000	2.06	219,800,000,000	3.25
53 ...	7,809,000,000	365,400,000,000	2.14	232,600,000,000	3.35
54 ...	8,164,000,000	363,100,000,000	2.25	238,000,000,000	3.42
55 ...	9,194,000,000	397,500,000,000	2.31	256,900,000,000	3.57
56 ...	9,905,000,000	419,200,000,000	2.36	269,400,000,000	3.67
57 ...	10,311,000,000	442,800,000,000	2.33	284,400,000,000	3.62
58 ...	10,302,000,000	444,500,000,000	2.32	292,900,000,000	3.51
59 ...	11,117,000,000	482,700,000,000	2.30	313,500,000,000	3.54
60 ...	11,932,000,000	503,700,000,000	2.37	325,200,000,000	3.67
61 ...	11,845,000,000	518,700,000,000	2.28	337,300,000,000	3.51
62 ...	12,381,000,000	556,200,000,000	2.23	356,800,000,000	3.47
63 ...	13,107,000,000	583,900,000,000	2.24	375,000,000,000	3.49
64 ...	14,155,000,000	632,400,000,000	2.24	401,200,000,000	3.53
65 ...	15,255,000,000	684,900,000,000	2.23	432,800,000,000	3.52
66 ...	16,601,000,000	747,600,000,000	2.22	465,500,000,000	3.57
67 ...	16,866,000,000	789,700,000,000	2.14	492,200,000,000	3.43
68 ...	17,930,000,000	860,900,000,000	2.08	533,800,000,000	3.36

Source: Statistical Abstracts of the United States, 1964 and 1969.

As can be seen from the table, advertising expenditures form a greater proportion of G.N.P. and of personal expenditures on consumer goods and services in the United States than in Canada. This greater proportion can be attributed to a number of factors. On the production side, the presence of a significant public sector in Canadian broadcasting which does not finance itself solely from advertising revenues tends to restrict the amount of advertising.

On the side of the demand for advertising space, a number of factors make the demand stronger in the United States than in Canada. The market for consumer products is much larger in the United States than Canada. In trying to realize their full, market-growth potential, firms in the United States invest more in advertising programmes than do those in Canada. As a result of the latter factor, national advertising is emphasized much more in the United States than Canada. In addition, firms in the United States tend to realize greater benefits from a spill-over of domestic advertising into foreign markets as a result of the wide foreign distribution of many of the products marketed through the American media. It is also probably true that the battle for market shares through brand-name promotion has escalated further in the United States than in Canada, leading to greater expenditures on this kind of advertising.

PROJECTIONS OF ADVERTISING EXPENDITURES TO 1975

The Economic Council of Canada recently made projections of the G.N.P. of Canada to 1975, and of the expected changes in consumer expenditures as a proportion of G.N.P.[1] These projections were made taking into consideration the underlying trends and forces in the economy, including changes in the world outlook, levels of income-per-capita, and increases in urbanization and in the formation of new families and households. Taking these considerations into account, the E.C.C. predicted that consumer expenditures in constant dollars will increase by 5.3 per cent a year between 1968 and 1975, while G.N.P. will grow by 6.0 per cent a year. Levels of inflation have been estimated at 2.0 per cent a year for G.N.P. and at 1.6 per cent a year for consumer goods. In projecting advertising expenditures, the E.C.C. assumed that advertising expenditures and consumer expenditures will maintain approximately the same relationship as was evident between 1962 and 1968. Table 39 contains the results of the projections of advertising expenditures to 1975. An increase of over 60.0 per cent is expected between 1968 and 1975 in total advertising expenditures.

Table 39. Projections of G.N.P., Consumer Expenditures and Advertising Expenditures to 1975

Year	G.N.P.	Consumer Expenditures	Advertising Expenditures	Advertising Expenditures As Per Cent of G.N.P.
		Dollars		Per Cent
1969 ..	76,860,000,000	45,280,000,000	1,086,000,000	1.41
70 ..	82,620,000,000	48,400,000,000	1,161,000,000	1.41
71 ..	88,810,000,000	51,730,000,000	1,241,000,000	1.41
72 ..	95,470,000,000	55,290,000,000	1,326,000,000	1.39
73 ..	102,630,000,000	59,100,000,000	1,418,000,000	1.38
74 ..	110,327,000,000	63,170,000,000	1,516,000,000	1.37
75 ..	118,600,000,000	67,520,000,000	1,620,000,000	1.37

Source: E.C.C. estimation.

TYPES OF ADVERTISING

There are two basic types of advertising: national, embracing primarily nationally distributed brand-name goods and services, and retail (sometimes called "local") which embraces local or regional advertisers. (Newspapers have a third category – classified advertising – which is basically local advertising.)

Relative media shares of national and local advertising expenditures have changed significantly in recent years. National advertising as a proportion of total advertising has been declining for daily newspapers and increasing for television during the 1960s. Between 1963 and 1968, as Table 40 shows, television increased its national advertising revenue by 70 per cent; radio, by 49.0 per cent; and newspapers, by 25.1 per cent.

[1] E.C.C., Sixth Annual Review, Ottawa, 1969

Table 40. National and Local Advertising Rates by Medium, 1963-1968

Medium	1963	1965	1968*	1963-68
Radio				
National	$24,941,000	$ 29,186,000	$ 37,300,000	–
% Change	–	17.0%	21.0%	49.0%
Local	34,186,000	41,454,000	54,700,000	–
% Change	–	27.8%	31.0%	60.0%
TV				
National	55,112,000	72,808,000	94,000,000	–
% Change	–	31.1%	29.1%	70.0%
Local	15,120,000	18,751,000	24,000,000	–
% Change	–	24.0%	27.0%	58.0%
Dailies				
National	51,126,000	58,393,000	64,000,000	–
% Change		14.0%	17.0%	25.1%
Local	96,419,000	113,294,000	147,000,000	–
% Change	–	17.5%	29.0%	52.4%

*Estimated
Source: D.B.S.

It should be noted, however, that recently newspapers have been waging a more aggressive campaign, through the Canadian Daily Newspaper Publishers Association, to win back national advertisers, and early results indicate some initial marginal success. Retail advertising revenues of newspapers have increased greatly in recent years. There are five main reasons for this increase:

1 the increase in national advertising through local advertising – national manufacturers share the cost of advertising with the local distributor (the so-called "co-op" dollars);

2 more rapid increase in advertising rates for local advertising;

3 the increased pressure for promotional sales, especially by the competitive food chains in the local area;

4 the competition between downtown shopping areas and shopping centres in the suburbs;

5 increased advertising by public authorities.

The nature of the products being advertised by the advertiser strongly influences the medium to be used. (See Table 41.) Thus, until now department stores have tended almost exclusively to use newspapers because large ads in the papers allow them to advertise a host of goods simultaneously at a lower cost than in the other media. Independent stores have found television rates far too high, given the individual store's budget, and have thus concentrated most of their advertising in newspapers.

Table 41. Distribution of Advertising Expenditures by Type of Retail Outlet and Medium in 1965

Type of Retail Outlet	Publications	T.V.	Radio	Other
	Per Cent			
Independent Stores	55.0	7.8	17.6	19.5
Chain Stores	53.7	4.4	13.8	28.2
Department Stores	94.1	1.5	1.9	2.5
Discount Stores	66.0	3.5	9.0	21.6

Source: D.B.S. Cat. No. 63-216.

Table 42 shows media allocation used by a number of industries. More detailed discussion of advertising rates and practices are to be found in subsequent sections.

Table 42. Distribution of Advertising Expenditures by Medium for Selected Industries in 1965

Industry	Advertising Expenditures	Publications	TV	Radio	Other
	Dollars	Per Cent			
Manufacturing	403,509,592	35.66	36.80	8.73	18.81
Retail trade, independent stores	52,405,173	55.01	7.81	17.64	19.54
Retail trade, chain stores	46,116,621	53.65	4.42	13.77	28.16
Retail trade, department stores	52,731,556	93.32	1.51	2.16	3.01
Wholesale trade	41,103,388	62.37	6.07	6.55	25.01
Transportation & other public utilities except telecommunication	23,341,483	60.90	7.56	9.09	22.45
Telecommunication	8,226,446	59.30	16.69	3.54	20.47
Hotels	7,775,026	44.59	5.49	9.01	40.91
Restaurants	4,969,216	44.85	8.13	26.41	20.61
Banks	8,663,933	63.66	0.06	0.36	35.92
Insurance	6,961,344	64.30	8.22	0.90	26.58
Trust & Finance companies	6,455,936	45.95	4.70	16.88	32.47
Other (advertising agencies, power laundries & dry cleaning plants, film distributors, theatres, motion picture production, funeral directors, construction companies, government departments and misc.)	18,705,486	55.10	9.30	14.29	21.31
TOTALS	680,965,200				

Source: D.B.S. Cat. No. 63-216.

Chapter 2:

THE ADVERTISING AGENCIES

Individually, Canadian media operators are independent people, defenders of the free-enterprise system under which they function. Collectively, they have established a complex network of associations and relationships to protect and serve their interests. By establishing various criteria for recognition within their ranks, they have sought to establish standards and raise the level of recognized professionalism within their industry. Toronto is the centre of the English-speaking media in Canada and is headquarters for most of the nationwide associations that have emerged in various related fields.

THE MEDIA EQUATION

Three major elements constitute the media equation: the media themselves and their trade associations (print, radio, television); the advertiser; and the advertising agency.

MEDIA TRADE ASSOCIATIONS

Canadian Daily Newspaper Publishers Association, 250 Bloor Street East, Toronto 285, represents almost all daily newspapers in Canada. Its purpose is to elevate the standard of newspaper publishing in Canada, to foster business and business interests of its members. The C.D.N.P.A. formerly controlled the franchises of advertising agencies and the commission system through which advertising agencies are paid for their services. Since April, 1970, they have restricted themselves to providing a credit listing service to member newspapers, which decide themselves whether or not to do business with agencies.

Canadian Association of Broadcasters (L'Association Canadienne des Radiodiffusers), 85 Sparks Street, Ottawa 4, represents 286 radio, 54 television stations, and the CTV network, or nearly all the private sector of broadcasting in Canada. Established in 1926, as a voluntary trade association, the C.A.B.'s aims and objectives are to foster and develop, protect and serve the interests of broadcasting. C.A.B.'s head office is in Ottawa, with branches in Montreal and Toronto.

The C.A.B. controls the franchise and commission system in radio and television.

Association Canadienne de la Radio et de la Télévision de Langue Française Inc., 1454 Mountain Street, Montreal 25, represents the majority of French radio and television stations in promoting, encouraging and developing interest towards French radio and television broadcasting.

Periodical Press Association, 100 University Avenue, Toronto 116, represents three sectors of the print media: Agricultural Press Association of Canada, Canadian Business Press, and the Magazine Publishers Association of Canada. The Periodical Press Association stipulates no capital requirements for agencies seeking franchises to place national advertising in member publications. The disappearance of agricultural magazines over the years has reduced membership in the Agricultural Press Association to two: the *Country Guide* and *Le Bulletin des Agriculteurs.*

The Magazine Publishers Association of Canada also has a membership of two: Chatelaine (English and French) and Maclean's (English and French). Although some 400-500 business publications exist in Canada, the circulations of only 50 per cent are audited. Publications audited by the Canadian Circulations Audit Board are eligible for membership in the Canadian Business Press Association. The greater number of publications represented in the C.B.P.A. are produced by Maclean-Hunter Ltd., Southam Business Publications Ltd., and National Business Publications Ltd.[1] To prevent domination of the Association by member publications from these groups, each group is allowed a maximum of five votes at the annual meetings of the C.B.P.A. C.B.P.A. publications come under direct competition from American business publications in seeking advertising dollars, particularly in such specialized fields as oil and mining.

Canadian Weekly Newspapers Association, 2 Bloor Street East, Toronto 285, represents 454 member newspapers across Canada. Its purpose is to maintain high standards of newspaper writing and publishing, and to promote the business and business interest of members.

French Weeklies Association of Canada (Hebdos du Canada), Saint-Jean, Quebec, represents 100 French-language newspapers. The association provides services to help develop information and culture in French-speaking Canada.

Outdoor Advertising Association of Canada, 250 Bloor Street East, Toronto 285, represents 50 members operating in 181 market areas in Canada. The OAAC awards franchises to companies on a regional basis. Regional sales representatives, or "solicitors," sell national advertising in their franchise areas.

Transit Advertising–Trans-Ad Division, Warnock Hersey International Ltd., 1220 Yonge Street, Toronto 290, represents 40 member companies in providing advertisers and advertising agencies with research data on transit advertising.

Radio Sales Bureau, 321 Bloor Street East, Toronto 285, created by the Canadian Association of Broadcasters in 1961, operates independently in the promotion of radio as an effective advertising medium. The Bureau is concerned only with the promotion of national advertising. It represents 114 stations, of which 12 are outside the C.A.B.

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[1] Purchased by Southam in August, 1970.

Television Bureau of Advertising of Canada, 500 University Avenue, Toronto 101, created by the C.A.B. in 1961 as well, promotes television as an effective advertising medium on a local, regional and national scale. Membership 45 stations.

Magazine Advertising Bureau of Canada, 11 King Street West, Toronto 105, promotes magazines as an effective advertising medium. Membership ten, representing consumer magazines.

Canadian Industrial Advertisers, 53 Gibson Avenue, Hamilton, promotes industrial advertising. Membership seventy, representing major industrial advertisers. (See A.I.A. below.)

Graphic Arts Industries Association, 75 Albert Street, Ottawa, advances the interest of printing and allied industries. Membership 553.

Packaging Association of Canada (Association Canadienne de l'Emballage), 45 Charles Street East, Toronto 189, promotes the study, knowledge and understanding of improved techniques for packaging, packing, shipping and storing of merchandise, and the use and development of graphic arts in the packaging industry. Membership 1,200.

Canadian Direct Mail Association, 4102 Hingston Avenue, Montreal 28, promotes the use of direct mail as an effective means of advertising. Membership 100.

ADVERTISING AGENCIES' ASSOCIATION

Institute of Canadian Advertising, 8 King Street East, Toronto 210, promotes and protects the interests of advertising agencies and the advancement of the profession. Membership forty-eight; about 40 per cent of agencies in Canada. Member agencies placed about 85 to 90 per cent of all national advertising in 1969.

Ardiel Advertising Agency
Limited,
4 Lawton Boulevard,
Toronto 195, Ontario.

Baker Advertising Limited,
20 Toronto Street,
Toronto 210, Ontario.

Bozell & Jacobs of Canada Ltd.,*
797 Don Mills Road,
Don Mills 402, Ontario.

Leo Burnett Company of Canada
Limited, 165 University Avenue,
Toronto 110, Ontario.

Camp Associates Advertising
Limited,
43 Eglinton Avenue East,
Toronto 315, Ontario.

Canadian Advertising Agency
Limited,
630 Sherbrooke Street West,
Montreal 111, Quebec.

Cardon, Rose Limited,
1411 Crescent Street,
Montreal 107, Quebec.

Chapman, Morris Advertising
Limited,
Suite 303,
71 Emereld Street South,
Hamilton, Ontario.

Chisholm & Basford Limited,
48 St. Clair Avenue West,
Toronto 195, Ontario.

Cockfield, Brown & Company
Limited,
200 Canada Cement Building,
Montreal 111, Quebec.

Crombie Advertising Company
Limited,
355 St. James Street West,
Montreal 126, Quebec.

Doyle Dane Bernbach (Canada)
Limited, *
250 Bloor Street East,
Toronto 285, Ontario.

Dunsky Advertising Limited,
Suite 400,
5165 Queen Mary Road,
Montreal, Quebec.

Foote Cone & Belding
Advertising Limited,*
10 St. Mary Street,
Toronto 189, Ontario.

Foster Advertising Limited,
3 Place Ville Marie,
Montreal 113, Quebec.

Freeman, Mathes and Milne
Limited,
2 Carlton Street,
Toronto 200, Ontario.

Goodis, Goldberg, Soren
Limited,
23 Prince Andrew Place,
Don Mills 403, Ontario.

F. H. Hayhurst Co. Limited,
55 Eglinton Avenue East,
Toronto 315, Ontario.

Gordon Hill Advertising
Limited,
130 Bloor Street West,
Toronto 181, Ontario.

Imperial Advertising Limited,
5670 Spring Garden Road,
Halifax, Nova Scotia.

Industrial Advertising Agency
Limited,
1500 Stanley Street,
Montreal 110, Quebec.

Albert Jarvis Limited,
1000 Yonge Street,
Toronto 289, Ontario.

Russell T. Kelly Co. Limited,
627 Main Street East,
Hamilton 22, Ontario.

Kenyon & Eckhardt Limited,*
8 King Street East,
Toronto 210, Ontario.

Kert Advertising Limited,
99 Avenue Road, Suite 904,
Toronto 180, Ontario.

James Lovick Limited,
800 Bay Street,
Toronto 181, Ontario.

MacLaren Advertising Co.
Limited,
111 Richmond Street West,
Toronto 110, Ontario.

MacManus, John & Adams of
Canada Limited,*
250 Bloor Street East,
8th Floor,
Toronto 285, Ontario.

McCann-Erickson Advertising
of Canada Limited,*
151 Bloor Street West,
Toronto 181, Ontario.

McConnell Advertising
Limited,
234 Eglinton Avenue East,
Toronto 315, Ontario.

McKim/Benton & Bowles Limited,
151 Bloor Street West,
Toronto 181, Ontario.

Muter, Culiner, Frankfurter
& Gould Limited,
89 Avenue Road,
Toronto 180, Ontario.

Needham, Harper & Steers of
Canada Limited,*
101 Richmond Street West,
Suite 300,
Toronto 191, Ontario.

Norman, Craig & Kummel
(Canada) Limited,*
1129 Leslie Street,
Don Mills 403, Ontario.

O'Brien Advertising Limited,
1030 West Georgia Street,
Vancouver 5, British Columbia.

Ogilvy & Mather (Canada)
Limited,
88 University Avenue,
Toronto 116, Ontario.

Paul, Phelan and Perry
Limited,
33 Bloor Street East,
Toronto 285, Ontario.

Ronalds-Reynolds & Company
Limited,
154 University Avenue,
Toronto 110, Ontario.

Spitzer, Mills & Bates
Limited,*
790 Bay Street,
Toronto 101, Ontario.

Stone & Hand Limited,
120 Eglinton Avenue East,
Toronto 315, Ontario.

Sturman, Buckstein & Co. Limited,
801 York Mills Road,
Don Mills 404, Ontario.

Tandy Advertising Limited,
2 Carlton Street,
Toronto 200, Ontario.

J. Walter Thompson Company Limited,*
102 Bloor Street West,
Toronto 289, Ontario.

Thornton Purkis Limited,
P.O. Box 64,
Toronto-Dominion Centre,
Toronto 111, Ontario.

Vickers & Benson Limited,
980 Yonge Street,
Toronto 285, Ontario.

Mel Walsh Advertising Limited,
55 York Street, Suite 1605,
Toronto 116, Ontario.

Whitehead, Titherington & Bowyer Limited,
696 Yonge Street,
Toronto 285, Ontario.

Willis Advertising Limited,
165 Bloor Street East,
Toronto 285, Ontario.

Young & Rubicam Limited,*
250 University Avenue,
Toronto 110, Ontario.

*American-owned.

ASSOCIATIONS CONCERNED WITH ADVERTISING

Association of Canadian Advertisers, 159 Bay Street, Toronto 116, represents 200 Canadian national advertisers whose combined budgets represent approximately 75 per cent of the total amount spent on national advertising. The primary object of the A.C.A. is to promote the highest standards of advertising so that it may be a more effective tool of business and management.

Association of Industrial Advertisers, 255 Davenport Road, Toronto 180, promotes better communication in the industrial advertising field. Membership 310, representing major industrial advertisers. The Canadian A.I.A. is Region Six of the U.S.-based Association of Industrial Advertisers. Canadian Industrial Advertisers, on the other hand is a wholly Canadian organization.

American Marketing Association, Toronto Chapter, 154 University Avenue, Toronto 110, supports studies to improve the methods and techniques of marketing research. Membership 400, representing agencies and advertisers participating in marketing functions.

Audit Bureau of Circulations, 335 Bay Street, Toronto 105, reports figures and facts relating to the quantity and quality of member publishers' circulations, verifies the data through regular audit, then disseminates the data to its advertiser, advertising agency and publisher members. Membership 4,070.

BBM Bureau of Measurement, 120 Eglinton Avenue East, Toronto 310, conducts measurements of radio and television station audiences for the use of its members. Membership 530.

Canadian Advertising Advisory Board, 159 Bay Street, Toronto 116, advances the interests of the advertising industry as a whole and handles consumer complaints. Its membership, totalling 125, consists of the main media organizations and associations, individual advertisers and advertising agencies.

Canadian Advertising & Marketing Personnel Bureau, 67 Yonge Street, Toronto 215, services advertising agencies and marketing companies in personnel matters and staff recruitment. Most agencies operating in Canada are members.

Canadian Advertising Research Foundation Inc., 159 Bay Street, Toronto 116, conducts research into advertising and marketing techniques. Membership 12, representing industry organizations.

Federation of Canadian Advertising & Sales Clubs, Suite 369, Queen Elizabeth Hotel, Montreal, promotes the use of sound advertising and sales in Canada and acts as a clearing house of information for member clubs. Membership 33 clubs representing 6,500 members.

Professional Marketing Research Society, 369 Olivewood Road, Toronto 570, provides a forum for the development and advancement of marketing research and encourages the highest ethical practices. Membership 64.

THE FRANCHISE SYSTEM

Agencies have traditionally placed national advertising with the mass media through a system of franchises granted by the media. With a franchise, the agency could collect the 15 per cent commission paid by the media for national advertising. That system, in the case of Canadian daily newspapers, was altered in April of this year. The broadcast media retain their regulations.

The Canadian Daily Newspaper Publishers Association in April exchanged the franchise system for what a C.D.N.P.A. officer calls "a simple credit listing system." As before, it requires that agencies demonstrate degrees of solvency before they may place advertising in newspapers. An agency with an "A" rating will have net liquid assets exceeding immediate liabilities by at least $50,000. One in a "B" category will have working capital twice its anticipated monthly billings in newspapers. An agency that can meet neither of these conditions may yet be given a "C" rating; it may operate but must accompany an ad insertion order with a cheque for the full amount of the advertisement. The credit ratings are for the guidance of member newspapers, which may or may not grant the 15 per cent commissions and the 2 per cent discounts for paying in cash.

The C.D.N.P.A. has dropped other requirements that had gone with receiving a franchise. An agency need no longer prove that it has three or more national advertising accounts worth at least $150,000 annually, or that it spends at least $20,000 a year in daily newspapers. The C.D.N.P.A. no longer refuses business from "house agencies," or agencies that are subsidiaries of major companies (since April, it has given listings to Bo Claro, a subsidiary of Bristol-Myers, and to Drake Advertising, a subsidiary of Office Overload).

The Canadian Association of Broadcasters is the other major media association which lays down requirements for agencies. The C.A.B. continues to grant franchises although officers also say the system is in effect a credit rating system. The C.A.B. requires an applicant for national enfranchisement to show a net working capital position of at least $50,000. For regional enfranchisement, it requires $15,000 net working capital position. The Canadian Business Press Association does not insist on certain capital requirements in granting franchises to agencies wishing to use this medium.

The franchise system has been under discussion in the trade for many months. Some agency spokesmen have submitted that control by the media associations left

the agencies powerless to maintain and improve standards within the profession. The C.D.N.P.A., however, says that as a watchdog of the professional and ethical aspects of advertising "we never really did have any control and we don't have it now." The C.A.B. maintains a similar position.

While the C.D.N.P.A. has moved to meet pressures for change from the Institute of Canadian Advertising, the C.A.B. reports that no changes are imminent. One of the arguments put forward by the C.A.B. executive against change is that the I.C.A. does not fully represent the advertising agency trade and should therefore not be allowed to assume effective control over it. Warren Wilkes, President of the I.C.A., interviewed for this study, felt an organization with strong disciplinary powers would be valuable. (The I.C.A. does have its own Standards of Practice, but due to lack of appropriate machinery it is unable to discipline its members effectively.) Mr. Wilkes foresaw the possibility of the I.C.A. working with the provincial governments through legislation and regulation to establish such a strong nation-wide organization.

ADVERTISING AGENCIES

HISTORY

The first advertising agents appeared on the North American continent in the early 1800s when newspapers hired people to solicit orders for advertising. Some of the more astute individuals quickly realized that they could solicit orders for several publications as readily as for one and could make a good deal more money by performing this service on a commission basis than by working for a single paper. There was the additional advantage of enabling advertisers to buy space in a number of papers while dealing with only one person, thus saving time and trouble. The newspaper proprietors paid their agents 25 per cent commission for their services.

The newspaper agency system lasted from about 1841 to the 1850s, but the commission system adopted by the first advertising agencies remains today. The newspaper agency was gradually replaced by a space-jobbing system in which the agent became the middleman. Instead of working for publishers for a commission he became a jobber working for his own profit, who sold space to advertisers and then bought space to fill his orders. This system, in turn, was replaced by one of space wholesaling in which the agent, anticipating the needs of the advertisers, bought space in large quantities and resold it to them as they wished, in smaller lots.

A further evolutionary stage was the advertising concession agency in which the agents contracted annually with the publications they represented to pay them a lump sum and take over most of the risk and management of the entire advertising space in the papers. In 1875, the firm of N.W. Ayer & Son, Inc., of Philadelphia, negotiated the first open-contract-plus commission plan.[2] The agency agreed to place the advertising of Dingee and Conrad, a firm of Pennsylvania rose growers, for a year at the lowest prices that could be obtained from the publishers. For this

[2] The History of an Advertising Agency, by Ralph M. Hower. Harvard Press, 1939.

service it would receive 12.5 per cent commission on the actual cost of the space. The firm experimented with different rates with various advertisers, the rates ranging from 8–12.5 per cent. N.W. Ayer & Son finally concluded that any business handled at less than 10 per cent was unprofitable, and in July, 1878, the first contract based on a 15 per cent commission was negotiated. The 15 per cent commission, which forms the basis of negotiation between advertising agencies and media associations today, has been in effect for eighty-seven years.

The development of the advertising agency business in the United States was matched by similar growth in Canada. As both the publishing and advertising business grew, it became apparent on both sides that some rules and regulations would be required to bring the relationship into a more secure association. The Canadian Association of Advertising Agencies was organized in 1905 and incorporated as a trade association in 1923. Membership consisted of national advertising agencies operating in Canada. In 1965 the by-laws were amended to allow expansion in membership and function and the name of the organization was changed to the Institute of Canadian Advertising.

MEMBERSHIP

The I.C.A., in July, 1970, listed forty-nine agencies on its membership roster, representing the leading national advertising agencies in Canada. There are, in total, approximately two hundred agencies throughout the country, the majority operating locally and/or regionally. Of the forty-nine member agencies in the I.C.A., thirteen are owned by United States operators. About 50 per cent of the respondent advertisers advertising in Canada use a Canadian-owned agency. According to the I.C.A., of the approximately $970 million[3] in advertising done in Canada in 1968, $440 million was placed through the agencies, the remainder being done through direct retail advertising (Eaton's, Simpson's, etc.).

Of the $440 million in business conducted by the agencies, approximately 85-90 per cent is handled by I.C.A. member agencies, and the remaining 10-15 per cent is handled by non-I.C.A. agencies.

American Influence

The membership in the I.C.A. of thirteen American-owned agencies and the increasing volume of business these agencies are doing in Canada is the subject of considerable concern among the Canadian members. It is estimated that the volume of Canadian advertising going to American-owned agencies is increasing annually at the rate of 2-5 per cent.

According to information received by the Committee from the Institute of Canadian Advertising, by 1968 thirteen American-owned agencies, representing approximately 26 per cent of the I.C.A. membership, accounted for approximately 36 per cent of the total volume of business done by member agencies.

The extent of the inroads of American-owned agencies into the Canadian advertising industry is demonstrated in Table 43.

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[3] A report of advertising revenues in Canada, Maclean-Hunter Research Bureau, November, 1968.

Table 43. Growth of Number of American-Owned Agencies in Canada and Growth of their Share in Total Member Billings, 1950-1968

Year	Total number of agency members	Estimated total member billings	Total number of American agency members	Estimated total American member billings
	Number	Dollars	Number	Dollars
1950 ...	33	72,000,000	3	9,000,000
1955 ...	49	135,000,000	7	19,250,000
1960 ...	45	252,000,000	9	44,500,000
1965 ...	47	345,000,000	12	83,250,000
1968 ...	53	412,000,000	13	112,400,000

In 1968 *Advertising Age,* an American trade publication, published a survey of American subsidiaries or other American-connected operations doing business in Canada in the previous year.[4] The publication surveyed the top 125 American advertisers and their subsidiaries and divisions and received replies from 166 advertising and marketing executives. Approximately 88 per cent of the respondents said they advertise in Canada. Of those, more than 55 per cent said their American executives help make decisions on their Canadian advertising campaigns.

According to statistics obtained from *Advertising Age* and *Marketing* Magazine, in 1968, of the top sixteen advertising agencies, in terms of gross billings, five were American-owned. (It is interesting to note that the I.C.A. in 1968 requested its members not to release their annual gross billings because they were meaningless in terms of profit ratio. Nevertheless, *Advertising Age,* an American publication, compiled gross billing figures for agencies in Canada for 1967 and 1968, which are included in our table.)

An analysis of these figures bears out the contention of some Canadian members of the I.C.A. that at least some American-owned agencies are increasing their share of the volume of Canadian advertising at a rapid rate. The analysis reveals that six Canadian-owned firms, led by MacLaren Advertising Co. Ltd., the perennial leader during the period under examination, 1963-68, led the Top 16 in gross billings in 1968. In this period a Canadian-owned firm, Goodis, Goldberg, Soren Limited, was the fastest-growing agency in terms of gross billings, although it just made the Top 16 list in 1968, with billings of $8 million. However, between 1963, when its billings totalled only $2.46 million and 1968 its gross billings grew 254 per cent.

Three American-owned firms follow Goodis, Goldberg, Soren Limited in volume growth. In second place is Ogilvy & Mather (Canada) Ltd., which grew 236.4 per cent ($4.4 million in 1963 to $14.8 million in 1968), although it stood only thirteenth on the Top 16 list. In third place is Spitzer, Mills & Bates Limited, having increased its gross billings by 137.3 per cent, from $8.2 million in 1963 to $19.6 million in 1968. It is followed, in fourth position, by McCann-Erickson Advertising

[4] *The Financial Post Report on Advertising,* November 9, 1968.

Table 44. Gross Billings of Top Sixteen Advertising Agencies, 1963-1968

Agency	1963	1964	1965	1966	1967	1968	Growth Rate
			Dollars				Per Cent
MacLaren Advertising Co. Ltd.	33,000,000	35,200,000	38,500,000	42,806,000	42,000,000	45,000,000	36.4
Cockfield, Brown & Co. Ltd.	24,500,000	26,500,000	28,100,000	31,000,000	30,000,000	32,000,000	20.8
Foster Advertising Limited	17,100,000	20,520,000	23,900,000	26,200,000	25,000,000	26,000,000	63.7
Vickers & Benson Limited	17,000,000	18,700,000	19,500,000	22,250,000	25,000,000	26,000,000	53.0
McKim/Benton & Bowles Ltd.	17,900,000	19,200,000	20,196,000	22,172,000	22,500,000	23,000,000	28.5
James Lovick Limited	19,100,000	18,700,000	17,100,000	22,500,000	21,500,000	21,500,000	12.6
*Spitzer, Mills & Bates Ltd.	8,286,000	9,525,000	12,900,000	16,687,000	17,033,000	19,689,000	137.3
F.H. Hayhurst Co. Limited	13,508,000	13,600,000	15,100,000	17,400,000	17,500,000	18,500,000	37.03
*J. Walter Thompson Company Limited	13,000,000	13,000,000	13,050,000	14,600,000	16,000,000	18,000,000	38.5
Ronalds-Reynolds & Company Limited	11,800,000	12,600,000	14,300,000	13,650,000	15,000,000	17,500,000	48.3
*McCann-Erickson Advertising of Canada Limited	9,600,000	10,336,000	12,000,000	13,100,000	15,000,000	17,000,000	77.0
McConnell Advertising Ltd.	12,500,000	14,500,000	15,000,000	15,750,000	14,700,000	16,000,000	28.0
*Ogilvy & Mather (Canada) Ltd.	4,400,000	7,120,000	9,612,000	10,600,000	12,700,000	14,800,000	236.4
*Young & Rubicam Ltd.	11,523,000	11,417,000	11,846,000	12,553,000	12,500,000	12,000,000	4.0
Baker Advertising Limited	7,370,000	6,400,000	6,500,000	7,872,000	8,000,000	8,500,000	16.4
Goodis, Goldberg, Soren Limited	2,465,000	4,483,000	6,000,000	7,150,000	8,219,000	8,500,000	254.0

*American-owned.

of Canada Limited, at 77 per cent, having increased its gross billings from $9.6 million to $17 million.

In eighth position on the Top 16 is a fourth American-owned firm, J. Walter Thompson Company Limited, having increased its gross billings by 38.5 per cent from $13 million to $18 million. The fifth American-owned firm on the list, in fourteenth position, is Young & Rubicam Ltd., having increased its gross billings by only 4.0 per cent, from $11.5 million to $12 million.

A senior executive of a Canadian-owned firm submitted in the course of this study that Canadian firms cannot compete with American-owned organizations whose American-based research and accounting services are available to their Canadian-based firms. In addition, American agencies soliciting an account in Canada may bring in key people from American head offices to help "sell" the company's services. American firms, anxious to present a Canadian "image," offer Canadians much higher salaries than those paid by Canadian firms. The executive said this is a major factor in raising agency costs in Canada. Yet another competitive factor is the rate of commission charged. Some American agencies work on the straight 15 per cent commission charged by their American parents. Most Canadian agencies, on the other hand, work on a 17.65 per cent commission, in order to meet their operating costs. One suggested method of redressing the competitive imbalance was application of taxes by the Canadian government to the management fees paid by the Canadian subsidiaries of their American parents.

A differing view on the competitive factors was expressed by the director of an American-owned firm based in Toronto. He acknowledged that Canadian-owned agencies are under pressure to compete internationally. (Some agencies, such as MacLaren Advertising Co. and Bradley Vale Ltd. of Toronto are operating successfully in Britain and elsewhere.) However, the director submitted that his firm is more or less self-sufficient. It does not use the resources of its American parent because Canadian advertising regulations differ from those in the United States, and material prepared for American audiences is not always suitable for Canadian audiences.

THE COMMISSION SYSTEM

The commission system of payment to advertising agencies for their services, originally developed for newspaper advertising, now applies to all the various media that carry national advertising. The commission paid by media is 15 per cent of the publisher's media rate. (The print media also grant to the advertiser a 2 per cent cash discount for payment of bills within thirty days.) This means that the agency pays eighty-five cents for each dollar's worth of space or broadcast time purchased for a client at the published rate. The agency bills the client one dollar and retains fifteen cents to pay for its service to both the medium and the advertiser. Under this system, the advertiser cannot buy space or time directly from the medium at less than the published rate; nor is the agency permitted to rebate any part of the commission to the advertiser. In addition, the agency receives a 15 per cent mark-up on the net costs of advertising production – photography, artwork, recording, etc. – which is done under agency supervision.

The commission system has been the target of some criticism. Those senior executives interviewed who criticized the system, described it as a form of price control or restraint of trade. One executive suggested the system was ludicrous, in that the agency works for the client but his income is derived from the media, and the amount of income is in direct proportion to the size of the client's advertising budget. In recent years some agencies and advertisers have abandoned the commission system in favour of a fee negotiated between agency and advertiser. Under this system the advertiser pays the agency for the time and work performed, rather than on the basis of the space or time purchased. The agency still receives the commission directly from the media but, in turn, deducts this income from the amount of the fee collected from the client. Other agencies favour a combination of fees and commission to fit specific situations.

Mr. Jack N. Milne, Managing Director of the I.C.A., in an official statement issued in August, 1969, said that the annual analysis of the operations of the member agencies indicated that the advertising agency business in Canada as a whole has not kept pace with the growth of the Canadian G.N.P.[5] He noted that total Canadian advertising expenditure measured as a percentage of G.N.P., is not more than 60 per cent of the same rate in the United States. The Trustee of the Institute, Mr. F.W.D. Campbell, F.C.A., noted that 1968 showed the lowest rate of profit before income tax (at less than 1 per cent of billings) for any year since the annual surveys were initiated over twenty years ago. Mr. Campbell noted that such low profits were inadequate to finance a normal growth rate in the business and pay a reasonable rate of return on the owner's investment. He suggested the low profit margins in some agencies could be the result of over-servicing clients. Payroll costs as a percentage of gross revenue in the business have increased nearly 1.5 per cent over the past two years from 65.4 per cent in 1966 to 66.8 per cent in 1968.

ECONOMICS OF AGENCY OPERATIONS

Approximately 80 per cent of the total dollar value of advertising handled by advertising agencies pertains to commissions for the placement of space or time contracts, and 20 per cent to production and related activities.

The number of advertising agencies operating in Canada increased from 123 to 176 during the period 1958-1967, with net revenue per firm increasing from \$22,041 to \$34,205. Total revenues per firm have fluctuated considerably over the ten year period, with the reasonably strong growth of the mid-1960s suffering a sharp setback in 1967. Average income per employee increased 50 per cent over the ten year period, with this figure standing at \$8,570 in 1967.

Table 45 gives a breakdown of some results of incorporated advertising agencies by size of firm.

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[5] Institute of Canadian Advertising press release, August, 1969.

Table 45. Incorporated Advertising Agencies by Size of Firm, 1967

Size of Firm (Annual Billings)	No. of Firms	No. of Employees	Salaries and Wages	Net Profit	Salary per Employee	Net Revenue per Firm	Net Revenue Employer
	Number				Dollars		
Less than $500,000	56	248	1,446,845	283,553	5,834	5,063	1,143
$ 500,000 – $ 2,499,999	58	827	6,695,465	951,472	8,096	16,405	1,151
$ 2,500,000 – $ 4,999,999	11	350	3,187,046	784,237	9,106	61,294	2,241
$ 5,000,000 – $ 9,999,999	8	629	5,398,655	747,608	8,583	93,451	1,189
$10,000,000 – $14,999,999	3	470	4,011,978	370,247	8,536	123,416	788
$15,000,000 and over	9	2,390	21,427,740	2,617,532	8,966	290,837	1,095
TOTAL	145	4,914	42,167,729	5,754,649	8,581	39,687	1,171

Source: Advertising Agencies D.B.S. 63-201 (Annual).

Table 46. Indices of Billings and Expenditures for Advertising Agencies, 1958-67

Year	Advertising Expenditures	Index (1958 = 100)	Commissionable Billings	Index (1958 = 100)	Payments to Employees	Index (1958 = 100)	Commissions	Commissions of as a % of Billings
	Dollars		Dollars		Dollars		Dollars	
1958	504,417,000	100.0	233,789,000	100.0	23,826,000	100.0	35,227,000	15.1
1959	541,101,000	107.3	250,080,000	107.0	26,013,000	109.2	37,679,000	15.1
1960	573,684,000	113.7	267,756,000	114.5	28,252,000	118.6	39,994,000	14.9
1961	609,063,000	120.7	277,806,000	118.8	29,313,000	123.0	41,254,000	14.8
1962	642,613,000	127.4	293,028,000	125.3	30,932.000	129.8	43,497,000	14.8
1963	677,213,000	134.3	296,762,000	126.9	31,157,000	130.8	44,270,000	14.9
1964	725,711,000	143.9	311,332,000	133.2	33,171,000	139.2	46,597,000	15.0
1965	800,064,000	158.6	354,650,000	151.7	37,050,000	155.5	52,883,000	14.9
1966	868,047,000	172.1	392,542,000	167.9	40,771,000	171.1	57,082,000	14.5
1967	933,682,000	185.1	420,092,000	179.7	44,034,000	184.8	63,118,000	15.0

Source: Advertising Agencies D.B.S. 63-201 (Annual).

While most of the data in this table are self-explanatory, the figures on net profit deserve some comment. These figures indicate that the largest firms, classified by total billings, tend to earn a lower net profit per employee than the smaller firms. The most profitable firms are the medium size firms, with an average of thirty-two employees per firm. These firms earned profits per employee of almost twice the overall average for all firms in 1967. These figures would indicate that there are diseconomies involved in large scale advertising agencies. These diseconomies likely are a result of the fact that advertising agencies are highly labour-intensive, giving rise to significant management and communication problems as size is expanded beyond a certain limit.

From Table 46 it can be seen that advertising agencies' commissionable billings did not grow as quickly over the ten year period covered as did total advertising expenditures.

Total advertising expenditures increased by 85.1 per cent from 1958 to 1967, while billings of advertising agencies increased by 79.7 per cent. This suggests a decline in the relative importance of advertising agencies in terms of total advertising. Partially this is due to a decline in the importance of national advertising relative to total advertising, a problem which will be discussed in more detail later.

As would be expected, the year to year fortunes of advertising agencies are closely tied to the buoyancy of advertising expenditures. 1967 was a poor profit year for advertising agencies, with average net profit per firm falling from $39,872 in 1966 to $34,205 in 1967. Commissionable billings of advertising agencies rose only 11.8 index points (1958=100) in 1967, as opposed to 16.2 index points in 1966. This decline in the rate of advance of commissionable billings, accompanied by an advance in payments to employees of 13.7 index points, contributed to the decline in profits in 1967. The decline in the rate of advance in commissionable billings can be directly attributed to the decline in the rate of growth of advertising expenditures. In 1966, advertising expenditures advanced by 23.5 index points, while in 1967 the advance was only 13.0 points.

Table 47. Commissionable Agency Billings By Medium, 1967

Type of Medium	Total Commissionable Billings by Agencies	Total Billings to Each Medium	Gross National Advertising
	Dollars	Per Cent	Dollars
Publications	156,270,000	37.2	166,727,000*
Television	122,240,000	29.1	103,658,000
Radio	47,470,000	11.3	42,113,400
Other	94,100,000	22.4	—
Total	420,080,000	100.0	312,498,400

*Includes national advertising in all newspapers, and all advertising in magazines of general circulation, and in trade, technical, professional financial, agriculture, and religious publications.
Source: Advertising Agencies D.B.S. 63-201 (Annual).

Commissions as a percent of billings have remained relatively constant at approximately 15 per cent. This is the standard commission rate charged by agencies for their services, and there appears to be little deviation from this rate. Table 47 gives a breakdown of commissionable advertising billings by type of medium in 1967 and compares these figures with total national advertising for each medium.

Publications account for the largest proportion of commissionable billings by agencies, with 37.2 per cent of all billings being for advertisements in publications. Television ranks second in importance, accounting for 29.1 per cent of all commissionable billings, while radio accounts for only 11.3 per cent.

Table 48 shows the percentage of total gross advertising expenditures for each medium handled by agencies; and the percentage of gross advertising for each medium which is accounted for by national advertising.

Table 48. Proportion of Advertising Placed by Agencies

Medium	Estimated Gross Expenditure by Medium	Proportion of Total Gross Advertising Handled through Agency Accounts	Proportion of Total Gross Advertising for Each Medium made up of National Advertising
	Dollars	Per Cent	Per Cent
Publications	429,176,000	35.6	38.8
Television	129,589,000	94.3	80.0
Radio	95,678,000	49.6	44.0

Source: Advertising Agencies D.B.S. 63-201 (Annual).

The first factor to be noted in this table is the close correlation between the importance of national advertising to a medium and the relative importance of advertising agencies in the handling of accounts for that medium. Television, which depends on national advertising for the greatest share of its revenue, also depends almost entirely on agency-handled accounts. Publications, on the other hand, with the least dependence on national advertising, also have the lowest relative dependence on agency-handled accounts. This points out the fact that agencies have the greatest role to play in bringing together highly dispersed media units and highly concentrated, centralized, national advertisers like large manufacturing companies. At the local level, on the other hand, it is much simpler for the media to negotiate directly with the local advertiser for an advertising account.

The second factor to be noted is that broadcasters, and television broadcasters in particular, tend to depend on advertising agencies for a considerable proportion of their non-national accounts. This arises out of the many technical variations and complexities to be found in television advertising, with the consequent dependence of television advertisers on the agencies for both advice and production work.

THE CANADIAN CODE OF ADVERTISING STANDARDS

The Canadian Advertising Advisory Board was incorporated in 1957 by the Institute of Canadian Advertising and the Association of Canadian Advertisers. The Board consists of four directors from the I.C.A., four from the A.C.A., and one from each national media organization – the Canadian Association of Broadcasters, Canadian Business Press, Canadian Daily Newspaper Publishers Association, Canadian Weekly Newspapers Association, Magazine Advertising Bureau, Outdoor Advertising Association of Canada, Transit Advertising.

The Board administers the Canadian Code of Advertising Standards. Two industry councils, one English and one French, handle complaints and inquiries from consumers, competitors and government regarding the quality of advertising. Each complaint is investigated immediately, and issues that cannot be resolved at the staff level are referred to a meeting of the full Council. Media organizations have agreed not to run advertising that the Council has found to be in violation of the Code.

A summary of complaints, since the Code was first issued in 1963 to June, 1969 follows:[6]

Disposition of cases	
Sustained	14
Not sustained	35
Outstanding	15
	64

Source of complaints	
Consumers	28
Government	13
Manufacturers	5
Trade associations	14
Media groups	2
Better Business Bureau	2
	64

Code Standards Invoked	
False & misleading	46
Disparaging claims	9
Public decency	4
Human misery (exploitation)	2
Bait & switch tactics	3
	64

According to the C.A.A.B., investigation often reveals that the real complaint by consumers is over poor service, or an attitude interpreted as disinterest on the part of management or the sales staff.

In the fall of 1969 the C.A.A.B. launched an intensive campaign to encourage consumers to register complaints. The campaign, which ran from October 1, 1969 to March 31, 1970, produced the following results:

[6] "Dialogue in the Marketplace," *C.A.A.B. Report to Members,* June 1969.

Total complaints received	793
Non-advertising complaints	137
For Council action	656
Disposition	
Taste and opinion (non-actionable)	188
Sustained (corrective action secured)	59
Not sustained	327
Pending (under review)	44
No decision made	38
	656
Source of Complaints	(656)
Consumer (Male 356, Female 264)	620
Trade	26
Business organizations	6
Governmental bodies	4
	656
Major Complaint Areas	
CODE – Misleading	286
Price	53
Deceptive	25
Bait and switch	28
NON-CODE – Offensive	64
Immoral	51
Bad taste	33
Unrealistic	28
Type of Advertising	(656)
National advertising	446
Retail (local) advertising	210
Sustained Complaints	(59)
Source: Consumer (Male 39 – Female 11)	50
Trade	8
Group	1
National Advertising	25
Retail Advertising	34

EDITORIAL ADVERTISING

One aspect of advertising in Canada is "editorial advertising," as practised in many Canadian daily newspapers. Under this practice, material with a news or editorial appearance is published in space paid for by one or more advertisers. Notable examples are the "Dining Out" column by Mary Walpole, a regular Saturday feature of the *Globe and Mail,* and the Toronto *Star's* "Shopping with Liz" column. In each case the "columnists" present in editorial style comment on specific restaurants and stores which have contracted to run an "advertisement." The effect has been that Mary Walpole was regarded by many *Globe and Mail* readers as that paper's authority on restaurants. It is only recently that the columns in both the *Globe and Mail* and the *Star* began carrying a small line of type indicating that the column is an advertising feature.

The Toronto *Telegram* every Thursday carries a full-page editorial advertising feature in the business section: "Perspective–A Business Forum." The page carries the note: "The editorial and advertising content of this page has, in its entirety, been prepared by Communications Research and Development Limited, an independent company which purchases this space from the *Telegram.*" The page features special articles with illustrations, on particular businesses and organizations that are clients of Communications Research and Development Limited.

Related to the practice of editorial advertising is the common practice of newspapers to carry special advertising supplements and sections, in which specially prepared editorial material complements advertisements placed by an advertiser or a group of advertisers. Such lucrative advertising practice, particularly employed in some financial and business publications and in the travel sections of newspapers is known in the trade as "brass cheque" advertising. In some instances travel writers may gather editorial material on the spot, courtesy of airlines, government travel offices and resort operators.

CONTRA ACCOUNTS

Another advertiser-media arrangement (sometimes involving agencies as well) that is believed to be relatively common but is difficult to quantify in a detailed way, is the contra-account practice. This arrangement involves a direct exchange of goods and services between advertiser and media or advertiser-media-agency, in which either no money, or less than the full regular value, changes hands.

For example, a restaurant or hotel might agree to placing an advertising program with a publication or broadcast station in which an agreed amount of space or time would be allocated, at regular or discounted rates, over a specified period of time. Rather than pay the advertising charges in the customary way, the advertiser provides meals or room accommodation to personnel of the publication or broadcast station. Each party keeps a simple debit/credit account and, at the end of the specified period, any balance due either party is paid in the customary way or enough additional goods and services are exchanged to bring the account into balance.

Other forms of the contra-account practice are reputed to involve such things as the provision of automobiles by auto manufacturers to media company personnel at no charge, or substantially reduced lease rates or sale prices; the sale, at cost or lower, of consumer goods, appliances, etc., or an outright gift of products or services being advertised.

The I.C.A. has not concerned itself with the practice of contra accounts. One official suggested that if any arrangements did exist, they were set privately between the parties involved.

TELEVISION RIGHTS

The arrangement of MacLaren Advertising Co. Ltd. of Toronto for the production of the National Hockey League telecasts is unique in the Canadian advertising business, if not all of North America. The agreement dates back to the early 1930s when Jack MacLaren, then president of MacLaren Advertising, and Conn Smythe,

owner of Maple Leaf Gardens, conceived the idea of a national radio broadcast of hockey games emanating from the Gardens.

Mr. MacLaren purchased the broadcast rights from Maple Leaf Gardens and then set out to sell the time to advertisers. General Motors agreed to be the sponsor and the Canadian Broadcasting Corporation agreed to carry the broadcasts. The show was an instant success and soon became a national institution. The original contract between MacLaren and Maple Leaf Gardens was renewed annually, but eventually it became renewable every five years, an arrangement that is still in effect.

MacLaren went on to obtain similar broadcast rights from the Montreal Forum. Imperial Oil subsequently replaced General Motors as sponsor of the broadcasts. With the advent of television, in 1952, the broadcast numbers became enormous, both in terms of audience size and the amount of money involved. According to George Sinclair, president of MacLaren Advertising Co. Ltd., the cost of the contract became so great that the advertiser signed contracts involving many millions of dollars directly with the CBC (and later with CTV) rather than through the advertising agency. MacLaren became, in effect, the agent, negotiating contracts, first for Imperial Oil, then for additional sponsors – Ford Motor Co. of Canada Ltd. and Molson's Brewery.

MacLaren now buys broadcast time and produces a "package" show that is carried on three networks: CBC English, CBC French and CTV, on Wednesday and Saturday nights, during the regular hockey season. As packagers, the agency hires the talent for the play-by-play commentary and the intermission fill-in. It negotiates with Maple Leaf Gardens and the Forum for camera placements and lighting.

Mr. Sinclair indicated there are a number of interests to be served in packaging the show, such as the two participating hockey teams, N.H.L. rules, various American teams that resent being part of a television entertainment package, the three sponsors and the three networks. It is the agency's responsibility to placate all these interests so the broadcasts can take place.

Mr. Sinclair said it was essential that one organization should negotiate with all these interests. The advertisers pay the total cost of the show. The agency is paid a commission for placing the show on the networks, and collects a fee for producing the package. The responsibility for programme content rests with the agency, which hires the various commentators and guests. Mr. Sinclair described the show package as an "incredible trust" handed to MacLaren. The agency is subjected to "massive amounts of help" from both advertisers and the viewing public over the capabilities or otherwise of the commentators and guests. Mr. Sinclair indicated, without revealing actual cost figures, that the cost of producing the broadcast, measured by cost-per-thousand-viewers, is competitive with other television broadcasts.

ADVERTISER INFLUENCE ON MEDIA CONTENT

On the occasion of his retirement as president of Eaton's, in August 1969, John David Eaton was asked if he had ever tried to use his power and influence to quash newspaper stories. "Instead of answering directly John David countered: 'Wouldn't you?' There were all sorts of things from their private lives that people wouldn't

want to see in the paper."[7] The frankness of this reply by the head of one of Canada's biggest retail advertisers is quite singular. His statement stands alone against statements and assertions by editors, advertisers and agencies interviewed for this study who disassociated themselves from any suggestion that some advertisers attempt, on occasion, to influence editorial or program content. "In all my years in the business I am not aware of any attempt by an advertiser to influence the press" was the repeated comment.

Nonetheless, it is a fact that the bigger the advertiser the more sensitive the media are to the relationship. The power and influence of such major retail advertisers as Eaton's and Simpson's and the food chain stores are demonstrated by the favorable positions their advertisements are given in the daily press across Canada. For example, the rear section pages of the newspapers are reserved exclusively for Eaton's and Simpson's and readers are conditioned to the location of these advertisements. The large food chains are given favored treatment, usually beginning on Wednesdays, as they advertise their specials for the coming weekend. Again, the reading public expects to find these advertisements in the usual place, at the usual time. It should be noted that some papers charge a position rate, but it does not necessarily follow in all cases that these rates are enforced.

If advertisers wielded great powers over the newspapers in the past, this influence does seem to have diminished. For example, when Ralph Nader, the crusading American, made his first disclosures on automobile defects, naming names, the press carried the news stories on one page and automobile industry advertisements on another. Today, after recovering from its initial hostility and disclaimers, the industry itself has taken on the job of revealing certain defects in particular models and announcing their recall. It has had no apparent effect on advertising programs. In 1967, for example, General Motors again headed the list of the top 100 Canadian national advertisers, with an expenditure in all media of $9,056,544.

In this connection, however, a classic case of advertising nervousness popped to the surface in 1968 when the CBC rescheduled a particular episode of its series, *Quentin Durgens, M.P.*, to avoid its coinciding with the introduction of a new line of automobiles. This particular episode was about auto safety. General Motors was the sponsor of the programme.

The CBC insisted that the advertising agency involved applied no pressure to have the show rescheduled. The corporation said it made the decision itself.

In the early days of radio broadcasting an advertiser, who paid all the production costs of the show, exercised direct control over content, and taxed the writers' and producers' creative abilities by trying to get in as many commercials, either directly or indirectly, as possible into his allotted time slot.

However, the tremendous costs involved in television programming preclude all but the biggest and wealthiest advertisers from producing a package show. Today the common practice is for the advertiser to purchase "spot" time – usually thirty or sixty seconds – in the programme he considers will be seen by the audience he is trying to reach.

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[7] Toronto Daily Star, August 8, 1969.

Here, the advertiser can wield considerable influence. Stanley E. Cohen, Washington editor of *Advertising Age,* speaking to a private Toronto group recently, submitted that the advertiser's influence rests in his capacity to withhold support.

According to Mr. Cohen, the advertiser has certain incentives to exercise this power:

1 He wants a favorable environment for his commercials.

2 As a part of the business establishment, he may be reluctant to be associated with "progressive" ideas.

3 The advertiser and his agency normally wish to avoid personal responsibility for failures or controversy.

There are some notable exceptions. In the summer of 1968 Xerox Corporation sponsored a series, "Of Black America," which was presented by the Columbia Broadcasting System. The series, an attempt to set the record straight on the history of the black man in America, was highly successful, despite its controversial theme. There was one notable reaction to the series: the headquarters of the Ku Klux Klan ordered Xerox to remove its copying machine from its premises.

Xerox of Canada Ltd. also sponsors programs that are considered avant-garde and thought-provoking, yet have the desirable effect of improving not only the image of television but also the image of Xerox.

The influence of the advertiser's dollar is manifest in different ways. The current example is the controversy raging in both Canada and the United States over cigarette advertising.

The controversy is producing interesting contrasts. On August 29, 1969, the New York *Times* announced that all cigarette advertisements it publishes, beginning January 1, 1970, must carry a health warning as to the tar and nicotine content of the cigarette smoke. At that time the *Times* said it would accept the warning that the U.S. Government requires on cigarette packages – "CAUTION: cigarette smoking may be hazardous to your health" – but it believed the warning to be inadequate. The newspaper, in its editorial, urged that a stronger warning be required not only on cigarette packs but in all cigarette advertising as well.

An interesting follow-up to the *Times'* statement occurred on November 6, 1969, when the U.S. Senate Commerce Committee voted to outlaw cigarette commercials from broadcasting media after January 1, 1971. At the same time it adopted a newly-worded health warning for cigarette packs, which will now say: "Excessive cigarette smoking is dangerous to your health."

Here in Canada, the Federation of Canadian Advertising and Sales Clubs, meeting in Kitchener on January 30, 1969, passed a resolution opposing any federal ban on radio and television cigarette advertising.

According to a Canadian Press despatch,

> the 26 delegates from across Canada supported a resolution saying it would be discriminatory for the government to eliminate advertising of any particular product from any selected medium. It supports a position recently taken by the C.A.B. that if Parliament is convinced cigarettes pose a clear and present danger to the health of the Canadian public the Commons should prohibit cigarette sales entirely.

The C.A.B., in a brief to the Commons Health Committee on May 27, 1969, submitted that any prohibition of cigarette advertising on radio and television would be ineffective and discriminatory against one segment of the communications media.

On the one hand, in the case of the New York *Times,* the advertiser's dollar has obviously little influence on the newspaper. In the case of the C.A.B., supported by the Federation of Canadian Advertising and Sales Clubs, it would appear to have considerable influence.

Mr. Cohen, in his Toronto talk, noted that in the case of television programming there are some built-in restraints against an advertiser abusing his power. One is counter-power. The more popular the artist or programme, the less prospect that these artists or programmes will be responsive to the advertiser's threats. Because the advertiser lives in constant fear of public opinion he will not carelessly expose himself to criticism by engaging in any action which could lead to bad publicity. For example, he does not want to be held responsible if a popular programme or artist is taken off the air. And, concluded Mr. Cohen, regulatory agencies and legislative bodies themselves have the authority to move in on any power-wielding advertiser.

Chapter 3:

THE REGULATION OF ADVERTISING

INTRODUCTION

At a rapidly quickening pace the Canadian mass market-place is altering its basic premise from *caveat emptor* – let the buyer beware – to *caveat venditor* – let the seller beware. During the past twenty years, the regulation of advertising, and the zeal with which regulation has been enforced, have steadily grown. The present, and particularly the future, implications for both the mass media and society in general would appear to be considerable. So far, however, relatively little research has been done in the field.

A complete analysis of all forms of advertising regulation would have been far beyond the terms of reference, resources and time span of this study. This paper does provide an over-view of the wide range of government departments and agencies now empowered to control various classes and kinds of advertising matter. It goes on to pose certain questions that arise from this control, actual and potential. The federal role is examined in greater detail than that of provincial governments, but the greater amount of space accorded the higher jurisdiction should not blur the very real fact that provincial power and inclination in this field is great and growing.

THE FEDERAL ROLE

CANADIAN RADIO-TELEVISION COMMISSION

The broadest and most absolute powers of advertising regulation in Canada are conferred upon the C.R.T.C. in Section 16 of the Broadcasting Act and apply to all radio and television commercials.

Under Section 16, the Commission may, in theory, exercise the most minute control over both the character of broadcast advertising and the time allotted to it.

The implications in terms of the nature of and the revenues from advertising, are tremendous. The operating reality is less awesome. The Commission in fact regulates time allotment in a manner which permits substantial revenues to accrue to broadcasting stations. It has not turned itself into a monolithic clearing house which passes judgment upon each commercial message, but has instead delegated

authority in certain fields to other agencies (Food and Drug Directorate, Combines Investigation Branch).

For these reasons the general activity of the C.R.T.C. is not dwelt upon at length in this paper.

COMBINES INVESTIGATION BRANCH

A major initiative in advertising regulation applicable to all media and to almost all conceivable types of advertising is now taking place under the authority of this Branch of the Department of Consumer and Corporate Affairs. If sustained, the policy thrust of 1969 will come to have considerable social significance in the 1970s, and will influence both media operator and advertiser accordingly.

The department proposes to interpose itself in the public marketplace between consumer and merchant with the express aim of protecting the interests of the former. Its statutory vehicles in this regard include the Hazardous Products Act (including such matters as poisonous compounds for household use), the Precious Metals Marking Act (definitions of sterling, and karat weight, for instance), the National Trade Mark and True Labelling Act, and the Weights and Measures Act.

In 1969, the enforcement of regulations concerning food under the Food and Drugs Act was transferred to this Branch from the Food and Drug Directorate of the Department of National Health and Welfare.

Finally, and most important, the Branch administers the reconstituted Combines Investigation Act.

Section 33C, added in 1960, has already been employed in a number of successful court cases:

> (1) Everyone who, for the purpose of promoting the sale or use of an article, makes any materially misleading representation to the public, by any means whatever, concerning the price at which such or like articles have been, are, or will be, ordinarily sold, is guilty of an offence punishable on summary conviction.

This is aimed at such devices as "compare price at. . . ," "below regular price. . .," and other familiar advertising techniques. The history of enforcement, which is more intensive than may be commonly supposed by the public (see below), may be found in detail in the annual reports of the Director since 1960.

The newest weapon is Section 33D of the Combines Investigation Act, which until July 31, 1969 was Section 306 of the Criminal Code. The section makes it an indictable offence, punishable with imprisonment for up to five years, to publish or cause to be published an advertisement containing a statement that purports to be a statement of fact but that is untrue, deceptive or misleading or is intentionally so worded or arranged that it is deceptive or misleading.

The Section provides for summary conviction of persons who publish or cause to be published a statement or guarantee of performance, efficacy or length of life of anything not based on an adequate and proper test of the article concerned.

During a long life in the Criminal Code this section, largely in the hands of provincial attorneys-general, was rarely enforced.

Its new home in the Combines Investigation Act continues the provincial enforcement role but shares it fully with the Director of the Combines Investigation

Branch who is, under other provisions of that Act, *compelled* to conduct an investigation upon receipt of a complaint.

The philosophy of the department is made clear in two appended documents. A news release dated July 31, 1969 by the Minister of Consumer and Corporate Affairs makes clear a determination not only to enforce 33D but to test its provisions systematically before the courts with a view to early repair of such legislative deficiencies as may be revealed by the judiciary.

The second document, Notes for an Address to the Broadcast Executives Society, November 12, 1969, by D.H.W. Henry, Q.C., Director of Investigation and Research under the Combines Investigation Act, is particularly useful both in its statement of a deliberate enforcement policy of the foregoing and other provisions, of the manner in which this is to be done – and in the implications the reader may take from it as to the possible future course of policy.

FOOD AND DRUG DIRECTORATE

A description of the regulation of food advertising is included in this section because the relevant experience lies here, although the function has since been transferred to the Combines Branch. Enforcement under Combines follows the same course as is described here.

The Directorate now deals with advertising in the fields of drugs, cosmetics and devices (the latter involving largely the paraphernalia of mechanical birth control). For many years this directorate has held sweeping – but commonly accepted and uncontroversial – powers to limit, control, rewrite or ban outright mass media advertising of every sort in the fields listed above.

The authority derives from the Health and Welfare Department Act, the Food and Drugs Act, (and regulations thereto), the Proprietary or Patent Medicine Act, the Criminal Code of Canada, the Broadcast Act and regulations thereto. In all cases, as in the Combines legislation above, the sanction is against the advertiser, *not* the medium that accepts the advertising, although the methods of enforcement in the broadcast field differ sharply from the print field.

The general tenor of advertising restriction in Canada is similar to that of every country in the Western Hemisphere. Specifically, though, Canada is unique in that it has developed a list of 45 diseases or conditions for which a cure may not be advertised in any circumstances, even if a cure is professionally acknowledged to exist. The rationale of the latter point is that the general public is not capable of diagnosing for itself the condition to be treated.

The various Acts constitute statements of intent but have been refined by regulation to make possible the statement: "No person shall label, package, treat, process, sell or advertise any food, drug or device in a manner that is false, misleading or deceptive or is likely to create an erroneous impression regarding its character, value, quantity, composition, merit or safety." – Guide for Manufacturers and Advertisers, Food and Drug Directorate, 1961.

In addition, whole classes or kinds of drugs or devices may not be advertised. This includes narcotics and experimental drugs. In the field of cosmetics the main emphasis of practical enforcement has been against claims of a quasi-medical nature. Although the Directorate is "concerned" by certain of them, claims as to

the results of cosmetic use in terms of beautification have not so far been challenged, on the theory that the user is competent to judge the question for him or herself.

Close liaison is necessary between Food and Drug and Consumer Affairs in deciding what is a drug and what is a food. Generally speaking, jurisdiction passes to Food and Drug if the food substance contains any non-natural or generic additives whatsoever, such as added vitamins, artificial sweeteners, etc.

Advertising enforcement methods, insofar as they apply to the mass media, are interesting. So far as radio and television advertising is concerned the Food and Drug Directorate has absolute control because under Broadcast Act regulations it acts as a clearing agency for the C.R.T.C. No advertisement in the areas of jurisdiction may be broadcast until the script has been approved by the Directorate. The Combines Branch also acts as an agent of the C.R.T.C., in watching for instances of economic fraud in advertising.

In the food field two officials dedicated 90 per cent of their time vetting 9,618 commercials in the six-month period ending March 31, 1969. In the drug field, another two persons spent an equivalent amount of time screening 3,446 commercials during the same period. Although in theory an advertiser whose commercial has been rejected might appeal to the C.R.T.C., in practice Food and Drug is conceded to wield full authority to reject, accept or amend as it pleases and the advertiser has no effective recourse.

The Directorate concedes that a double standard exists in the case of print advertising. Here there is no requirement to submit advertising material. In practice, the Directorate does run an advisory service and many large advertisers submit their copy to it as a matter of course.

Sometimes the Directorate lets it be known informally in the trade that it intends to take a particular interest in a certain type of advertising campaign. This happened when fluoride toothpastes were introduced, and the campaign relating thereto was worked out in close collaboration between the manufacturers, their ad agencies, and the Directorate, which was concerned lest too extravagant claims be made for this new product.

Conversely, though, the advisory service is just that: it cannot issue a restraining order even if it inspects beforehand advertising copy to which it takes exception. Figures are not available but the Directorate concedes that "fairly often" a print advertiser will say that he disagrees with a Directorate interpretation of the regulations and proposes to go ahead and advertise.

The only course then open to the Directorate is prosecution under the Food and Drug Act or other authorizing statutes. Again, no statistics are available but it was inferred that where there is an area of genuine dispute with a determined antagonist the Directorate is extremely reluctant to go to court.

There are two reasons. First, if the case is lost, a new line of greater freedom has thereby been drawn for all advertisers. Second, there is an evident fear that a good many of the regulations upon which the policy is based have never been tested in court and may in fact be illegal.

Several cases have been prepared on what the Directorate thought were good grounds, only to be over-ruled by the Department of Justice because the regulation

itself might be defective and the judicial over-turning of it might place the entire policy in jeopardy.

These problems result in greater latitude in print advertising than in broadcast commercials, and the Directorate agrees that this, coupled with the inflexibility of the broadcast preview system, is a source of irritation to ad agencies and manufacturers.

Over many years there has been no serious challenge of the right of Parliament, through the Directorate, to limit advertising. This is interesting in view of the legal doubt about the validity of certain regulations.

It must be said that the attitude of the persons interviewed appeared to be that of men reasonable in attitude and fair by inclination, entirely willing to be persuaded that certain classes and kinds of materials should be removed from prohibited lists. For instance, there was open satisfaction that recent amendments to the Criminal Code will make it possible soon to devise a schedule of mechanical birth control apparatus which will become eligible to be advertised.

This was considered socially desirable and the limitation was considered to mitigate unfairly against domestic manufacturers of such apparatus competing against American manufacturers who are able to advertise in the women's magazines which enter Canada in large number. It was agreed that this also constituted a form of discrimination against Canadian magazines attempting to compete with these American imports for advertising revenue.

There exists, of course, an assortment of other federal statutes which have at least a peripheral influence on certain types of advertising (that is, a federally chartered limited company must state that it is limited) but these were not considered germane to the main thrust of this study.

THE PROVINCIAL ROLE

As noted earlier, a detailed study here was impossible. However, it is a field of great magnitude and cannot be ignored in any examination of the regulatory picture.

In one province alone, Ontario, a considerable variety of advertising regulation exists. Control of advertising in at least some degree is exercised by The Liquor Control Board of Ontario, Ontario Human Rights Commission, Ontario Board of Film Censors, Ontario Superintendent of Insurance, Ontario Department of Transport, Financial and Consumer Affairs Department, Ontario Securities Commission, Ontario Police Commission, Ontario Racing Commission, and others.

Most other provinces have similar, if not exactly equivalent, assortments of regulation. Some go farther. Alberta, for instance, has in force a wide-ranging set of provisions in the consumer protection area, which involve surveillance of retail advertising to detect such banned practices as the issuance of trading stamps and the holding of a wide variety of contests, promotional gimmicks, "free" offers, and so on.

It should be noted, too, that in some areas provincial enforcement can be far more subtle, and absolute, than that which exists so far at the federal level. Some industries are under total provincial control. Brewing and distilling are examples.

Much of the federal enforcement must in the end revolve around open argument in open court. At the provincial level, numerous stories of different methods are too persistent to ignore, although they are almost impossible to impartially document.

In some provinces, for example, it has been said frequently that persons connected with alcohol, either at the primary distilling level or at the drink-by-the-glass retail level, may be subjected to painful scrutiny by liquor boards if critical comments about the regulations applicable to them appear in the *news* columns of papers or on broadcast *news*.

The implications here concerning the freedom of the press and the access of the individual citizen to the press for the airing of his grievance are obvious.

THE NEWSPAPER AND BROADCAST ROLE

For many years publishers and broadcasters, both individually and as groups, have possessed codes of advertising conduct which list various conditions under which advertising will or will not be accepted. These constitute perfectly reasonable statements of intent, but they are not reproduced as part of this paper for two reasons. First, various people in the industry have made known their intention to bring these codes to the attention of the Committee directly. Second, the codes are largely irrelevant in the context of the regulatory debate. Almost every article of them begins with the word "knowingly" or a similar disclaimer. Had these codes achieved the desired results, in the eyes of Parliament, the new initiatives in regulation would presumably not have been required.

The role of media in actually covering as news the judicial enforcement of advertising law and regulation appears to be ambiguous. One major purpose of prosecution by an agency such as the Combines Investigation Branch is that of deterrence. In the case of many matters before the courts, this principle is duly noted by the press and the final adjudication is given major prominence in news coverage. No detailed analysis has been conducted in conjunction with this study, but the impression that media tend almost completely to ignore, or reduce to microscopic proportions, convictions since 1960 under the Combines Investigation Act, #33C – for instance – is so widespread as to suggest that representatives of the media might be asked to demonstrate otherwise, if they care to do so. The reasons for this may be two-fold. There may be a human reluctance to embarrass a good customer. Or there may be a reluctance to suggest, through prominent coverage, guilt by association, because for the prosecution to succeed the ad must indeed have been published. Thus, news coverage may carry with it the implication that misleading advertising was in fact foisted upon readers, listeners or viewers by the very newspaper, radio station or television station reporting the court case. Such an implication raises certain questions. (See discussion below.)

DISCUSSION – TWO SIDES OF A COIN

INTRODUCTION

The rationale of almost all advertising regulation is protection, in one way or another, of the consumer. In practice, this concept has seldom been seriously

challenged in Canada. However, the specific protection of the rights of one group within society always carries with it the possibility, however remote, that the rights of other groups may in the process be injured.

In this context, questions may be asked. Does freedom of the press as understood in Canada confer upon the publisher the right, and even the duty, to publish commercial messages as he sees fit – within certain obvious legal limitations which apply also to his news columns? In a mercantile system that renders the manufacturer or purveyor of goods uniquely dependent upon advertising for commercial success, should a lawful concern engaged in lawful enterprise not enjoy a clear right to advertise?

There exists in the field of advertising regulation a theoretical threat both to freedom of the press and to the right to conduct lawful business. No attempt is made here to quantify or qualify this threat, but examples are provided for purposes of discussion.

THE CONDUCT OF BUSINESS

Government regulation

In the main areas of federal legislation a double standard has been shown to exist. Under the Food and Drugs Act, broadcast commercial messages simply may not be shown until approved. Right of appeal to the C.R.T.C. exists but the question may be asked whether in practice, media dependent for their very existence upon this body care to occupy its time in appeals of this nature. Certainly, no record of such an appeal can be found.

Therefore much depends upon the enforcement officials themselves. Their attitude and outlook can have the practical effect of altering the nature of commerce in certain cases. It must be stressed that the attitude encountered everywhere in this study, at the federal level, was one of fairness. But people can change and the regulations under which they function would appear to confer considerable latitude to personal opinions in the enforcement field.

Voluntary Enforcement

This involves the refusal of individual media to accept advertising for various reasons. Only seldom does such refusal enter public prominence, but it enjoys in fact a long historical existence.

When publishers gather there is often mention that this or that fly-by-night concern has in effect been banished from a community by the refusal of the media to accept its advertising. On the face of it, this is an eminently laudable objective; a responsible exercise of a publisher's duty to protect his readers, listeners or viewers. There is no reason to doubt that the great majority of such refusals fall into this category.

But there are also subjective reasons for suspecting that in some cases the fly-by-night banishment stems from other motives.

A fledgling community business concern challenging the methods, and perhaps pricing, of established firms, might in theory be confronted by hostile publishers

responsive to the complaints of old and valued advertisers that the new concern was "unethical." The interloper could then be refused advertising space without the question of its ethical probity ever having been submitted to a court of law.

A much more visible example occurred in Canada recently when the CBC television network and privately-owned CFTO-TV in Toronto announced that they would no longer accept cigarette advertising during prime-time hours. This was very much in keeping with the thrust of government educational efforts and a visible social attitude in respect to cigarettes. Little open protest was heard. Yet the manufacture and sale of cigarettes is a lawful undertaking in this country, subject to certain conditions as to the age of the customer, etc. The corporation so engaged is a creature of law and is in theory subject only to such restraints as are contained in law. In this case, however, these corporations were informed that they would be denied access to their market-place at a time and through a medium previously considered by them to be valuable judging by the volume hitherto of prime-time television cigarette advertising. The decision was not one of law, and thus appealable through the judicial or political process, but one of private, extra-legal social judgment.

Morever, it can be argued that the broadcasters who made the judgment suffered no revenue loss. They may even have gained. The prime time thus vacated was immediately available to other advertisers previously unable to obtain as much of the over-subscribed prime-time as they wished. It is conceivable that some of this time may have been sold at rates higher than were paid by the cigarette companies who were presumably able to achieve discounts by virtue of their enormous advertising purchasing power. The decision may also have had the effect of forcing the cigarette companies into the daytime and late night broadcasting hours, which are more difficult to sell.

This paper holds no brief for cigarettes. The example is used only to suggest that altruism, profit, and the rule of law are not always bedfellows and that in theory at least the accomplished fate of one industry might be the future fate of others.

The Media as Enforcer

The earlier-noted speech by Mr. D.H.W. Henry is worthy of examination in another context. It was delivered to advertising executives and suggested strongly that advertising agencies might in future be called upon to help enforce the deceptive and misleading advertising sanctions of the Combines Investigations Branch in their own self-interest.

Mr. Henry made clear that his Branch might in future consider advertising agencies to be party to illegal advertising, and that agencies involved in the preparation of such advertising might be charged before the courts accordingly.

While attributing no motives to Mr. Henry personally, it would not seem unfair to speculate about the direction in which this speech appeared to be taking the enforcement process.

As matters now stand the enforcer must go through the time consuming business of tracing each potentially deceptive, misleading or untruthful advertisement back to its originating source, perhaps a retailer, perhaps a manufacturer.

Administratively, it would be much more convenient to concentrate enforcement procedures upon one class or kind of person or company which would then be compelled, upon pain of conviction itself, to regulate those companies submitting material to it.

The upheld conviction of an advertising agency would immediately cause all agencies to police their clients a great deal more carefully. But a great deal of advertising does not go through agencies.

The upheld conviction of a newspaper, radio station or television station would be far more effective, and would place the advertising departments of each medium in the position of being the final arbiter of legality on pain of conviction themselves.

It is true that the legislation now specifically exempts the medium that publishes the advertisement in good faith. It is vulnerable only if it "knowingly" accepts advertising deficient in the eyes of the law.

But ignorance of the law is no defence. In a few years, once a body of case law has been developed by the random prosecution of individual offenders, might it not be possible to say to publishers, in effect, "it is now possible for you to know or not to know that which is misleading, deceptive or untrue and we will henceforth begin to prosecute, in certain areas, those who publish such advertisements? "

This could, in theory, have the effect of turning each advertising department into an enforcement arm for the government agency. But such a development could hold wide ramifications in respect to the conduct and freedom of the press.

Section Two: THE PRINT INDUSTRY

Chapter 1:

ENDS AND MEANS

The following section discusses economic conditions and economic factors in the daily newspaper and periodicals publishing industry. The data in this section apply to publishing establishments which both print and publish their respective newspapers and periodicals. Any establishments that only print or only publish particular newspapers and periodicals are not included.

The data contain the results for 99.7 per cent of the daily newspapers in Canada considered in terms of total revenue. They contain also the results of 71.0 per cent of weekly newspapers considered in the same way. Publishers of magazines and other periodicals tend to do much less of their own printing, with the result that these results include less than 50 per cent of the other periodicals classified by total revenue. Newspapers as a whole account for 75 per cent of the data included in this section. As a result the conclusions are most applicable to daily newspapers.

It would have been desirable if the data could have been separated for each type of publication so that the results could have been applied with complete accuracy to groups of firms publishing each type of publication; but two problems arise in doing this. First, the data used to make the calculations are aggregated by statisticians in the Dominion Bureau of Statistics to include all firms that both print and publish newspapers and periodicals. An attempt to go back and disaggregate this data was beyond the time and financial resources available. Second, such a disaggregation is not possible in many cases, since a number of establishments print and publish a number of different types of periodicals. An attempt to allocate costs between types of periodicals would require arbitrary allocations that would not contribute realistically to the analysis undertaken.

Chapter 2:

REVENUE

CIRCULATION REVENUE

ASPECTS OF CIRCULATION, 1900-1969

Circulation is important to newspapers, both because of the revenues generated directly through circulation sales and because of the relationship of demand for advertising space to the amount of consumer market coverage provided by the paper. As a result, an effort has been made to establish underlying trends in the circulation of daily newspapers and in the factors affecting circulation.

The twentieth century has been a period of general success for daily newspapers in Canada. Total circulation of daily newspapers has grown at a rate faster than the growth in population, giving rise to a marked increase in circulation-per-capita. Much of this growth has come through expanded circulation of existing papers, with the result that the average circulation-per-paper has also become larger. Chart 5 shows the trends in growth of total population, urban population, and of circulation of daily newspapers since 1900. (The data are plotted on a vertical logarithmic axis to permit comparison between rates of change.) Up until 1950, growth in circulation tended to follow, in a rough sort of way, the growth of population in urban centres. Since 1950, this relationship has not been maintained. The period 1955-60 in particular was one of very slow circulation growth, accompanied by a sharp decrease in the proportion of circulation to population in urban centres. The rate of growth in circulation in this period was the lowest since the 1930s, a decade during which the rate of growth in circulation was negligible.

Since 1960, the rate of growth in circulation has increased somewhat, but it is still not equivalent to the great boom in circulation that occurred between 1940 and 1955. The strongest competitor cutting into the circulation of dailies during the post-1955 period has no doubt, been television.

The data on circulation growth during the twentieth century are summarized in Table 49, which contains indices of circulation and per capita circulation in Canada for selected years.

Chart 5
POPULATION AND CIRCULATION TRENDS, 1900–1970.

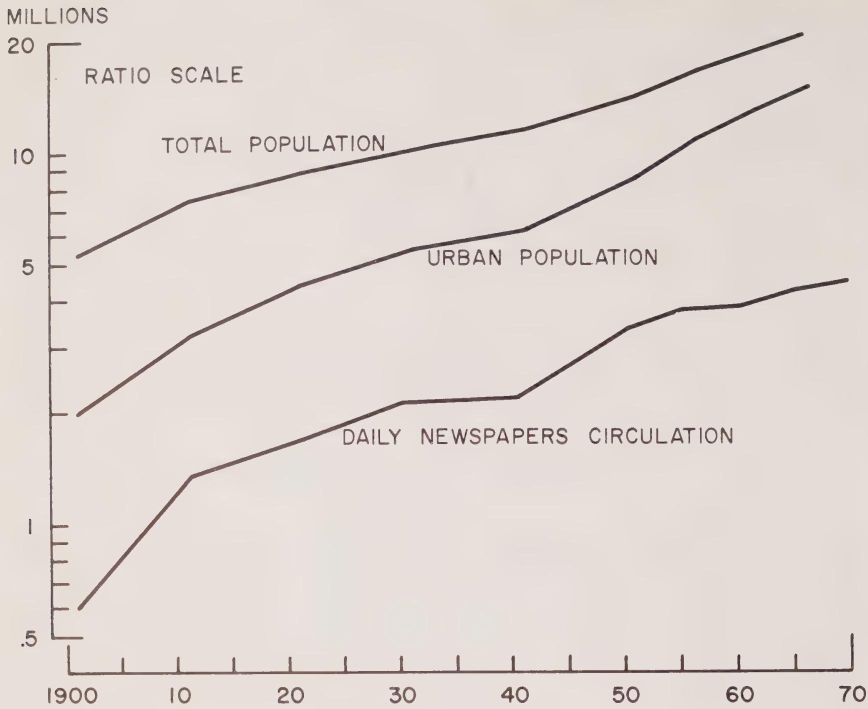


Table 49. Total Circulation and Per-Capita Circulation, Canadian Daily Newspapers for Selected Years, 1901 to 1969

Year	Total Circulation	Index (1950 = 100)	Per-Capita Circulation
1901	600,000	18.1	0.105
11	1,380,000	41.7	0.192
21	1,700,000	51.4	0.194
30	2,145,000	64.8	0.207
40	2,165,000	65.4	0.188
50	3,310,000	100.0	0.236
55	3,780,000	114.2	0.237
60	3,850,000	116.3	0.216
65	4,250,000	128.4	0.216
69	4,570,000	138.1	0.217

Sources: CARD; 1961 Census of Canada; 1966 Census of Canada; *The Financial Post, 1968/69 Survey of Markets.*

It is interesting to note from this table that per-capita circulation of newspapers in Canada declined quite significantly between 1955 and 1965. A slight improvement in per-capita circulation has been evident since 1965.

Circulation, in both total and per-capita terms, is a very important determinant of the advertising revenue that newspapers are able to draw. As will be seen later, the period 1955-65 was also one of a significant decline in the rate of growth of advertising revenues for daily newspapers. The decreased rate of growth in circulation was a partial cause of this.

The increases in circulation of daily newspapers in Canada have largely been accounted for by increases in the average circulation size of papers, rather than by any significant growth in the number of papers. Table 50 contains data on the average-size-per-paper over the period covered.

Table 50. Average Size of Canadian Daily Newspapers (for selected years)

Year	Average Circulation
1901	5,300
11	10,200
30	19,900
40	24,600
50	35,600
55	37,800
60	34,100
65	39,700
69	41,600

The number of daily newspapers in the same period did not change significantly. At the turn of the century, there were 114 dailies in Canada, the peak year being 1911, with 135. By 1930, the number had fallen to 108, and by 1940, to 88. The number of papers has been on the increase since the low in 1940, reaching 95 in 1950, and 113 in 1960. By 1970, the number had risen slightly, to 116.

The increase through time in the average circulation size of daily newspapers has at times been credited to pressures created by growing capital requirements in the industry. While the growth in average-size-per-newspaper has been accompanied by a growth in capitalization-per-newspaper, the preceding conclusion contains a basic confusion between cause and effect. The increase in average circulation has in fact been caused by the ability of larger papers to drive smaller papers out of business, appropriating both past and potential circulation of the smaller papers in the process. As a result of such developments, the capitalization-per-newspaper has increased immensely. However, this has been largely a result of the growth in average circulation, and not the cause.

Table 51 contains a list of daily newspapers that began publication after 1956, and which have operated as viable units to date.

Table 51. Successful New Entrants into Daily Newspaper Publishing - 1957-69

Newspaper	Year Began As Daily	Formerly Published As Weekly	City Population*
Journal Pioneer (Summerside)	1957	Yes	10,042
Observer (Pembroke)	57	Yes	16,262
Courier (Kelowna)	57	Yes	17,006
Herald (Penticton)	57	Yes	15,330
Citizen (Prince George)	57	Yes	24,471
Examiner (Barrie)	58	Yes	24,106
Reformer (Simcoe)	60	Yes	9,929
Advocate (Red Deer)	60	Yes	26,171
Daily Journal Record (Oakville)	62	Yes	52,793
Daily Bulletin (Dauphin)	63	Yes	8,655
Daily Herald-Tribune (Grande Prairie)			
Herald Tribune	64	Yes	11,417
Le Journal de Montréal	64	No	1,222,000
Times and Conservator (Brampton)	65	Yes	36,264
Citizen (Thompson)	65	Yes	19,000
Le Journal de Québec	67	No	166,984
Daily Townsman (Cranbrook)	69	Yes	7,849

*1966 Census of Canada

Source: Canadian Daily Newspaper Publishers Association.

It is significant that practically all of these papers are in relatively small urban centres. Only two, *Le Journal de Montréal* and *Le Journal de Québec* are in cities with populations in excess of 100,000. These two papers are published by the same company. These two papers are the only ones which were not weeklies before becoming dailies. These two are the only ones with a circulation in excess of 10,000 a day. (Practically all of the papers started with a circulation of 3,000 to 7,000.) These qualifications make a number of things clear. The opportunities to publish a new daily newspaper successfully do not generally lie where major competitors exist, as either major weeklies or other dailies.

New dailies generally eliminate the major weekly paper in a city by virtue of their own creation. New dailies are also not known for success where direct competition from other dailies is a factor. The Montreal and Quebec examples are exceptions – *Le Journal de Montréal* was founded during a newspaper strike. All of the other successful dailies had no direct competition from other dailies. During the same period, papers began publication, but were forced to close, in Montreal, Guelph, Vancouver, and Hull. In each of these latter cases, significant competition was present from other dailies.

It is difficult to pinpoint any specific size of city as the minimum necessary to support a daily newspaper. The basic factor is the city's ability to generate advertising revenue. This ability depends upon the wealth of the community, its importance as a retail-shopping centre, and the degree of concentration of the circulation of other daily newspapers and radio and television in the community.

The circulation that a paper can draw is probably the best rule-of-thumb measure in determining whether or not a daily newspaper can be successful.

Generally speaking, unless a community is highly isolated from competing media, a circulation of approximately 5,000 will permit the successful publication of a daily newspaper – provided that it has a monopoly.

It is very important that a paper of this size have a monopoly in the local market. A monopoly paper has a relatively captive advertising market. A paper of the same size competing with a larger paper does not have such a hold on advertising. As well, cost considerations are almost certain to lead advertisers to desert a paper of this size if a larger paper exists in the same market.

Table 52 shows the per-capita distribution of daily newspapers by province.

Table 52. Per-Capita Circulation of Daily Newspapers by Province, 1969

Province	1968 Population	1969 Per-Capita Circulation
British Columbia	2,002,000	0.262
Alberta	1,520,000	0.207
Saskatchewan	959,000	0.130
Manitoba	969,000	0.243
Ontario	7,283,000	0.269
Quebec	5,923,000	0.185
New Brunswick	624,000	0.176
Nova Scotia	760,000	0.214
Prince Edward Island	110,000	0.270
Newfoundland	505,000	0.075

As can be seen, there is considerable variation in the per-capita circulation among the provinces. The main reason for this variation lies in the distribution of the population between rural and urban areas.

Two facts of population distribution tend to increase circulation-per-capita. The main one is the concentration of people in large metropolitan centres. The other is the number, and geographical concentration, of urban centres outside the large metropolitan centres. Higher concentrations of people in terms of geographical area make it possible for more daily papers to remain viable (per person or household) in an area. This is a result of:

1 Greater per-capita advertising expenditures because of the greater identification of residents with a single retail trading area;

2 Decreased distribution costs per subscriber; and

3 Increased circulation due to increasing content relevance as people become more concentrated.

Other factors besides population concentration almost certainly affect circulation per capita – per caput income, education levels, and family size. However, the overriding importance of population concentration makes it difficult statistically to isolate such variables.

CIRCULATION REVENUE, 1950-1967

Table 53 contains time-series data on circulation revenue of newspapers in Canada from 1950 to 1967. Circulation revenue includes all revenue derived from sale of newspapers, whether by sale of individual copies or by subscription.

Table 53. Newspapers Circulation Revenue and Circulation Revenue as a Per cent of Total Revenues, 1950 to 1967

Year	Daily Newspapers		National Weekend		Weekly, Bi-Weekly, etc.	
	Revenue	Total Revenue	Revenue	Total Revenue	Revenue	Total Revenue
	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
1950	30,013,000	28.1	7,734,000	54.2	3,021,000	22.5
51	33,209,000	28.0	6,204,000	47.5	4,451,000	25.8
52	37,988,000	28.6	7,086,000	45.1	3,560,000	20.6
53	39,926,000	26.7	7,266,000	42.6	3,880,000	19.8
54	42,492,000	26.8	7,195,000	38.4	4,293,000	20.1
55	43,537,000	25.5	8,081,000	38.7	4,772,000	20.6
56	45,077,000	24.0	8,344,000	36.2	4,341,000	19.4
57	48,653,000	24.9	8,864,000	36.8	4,662,000	20.5
58	55,048,000	26.5	9,257,000	37.5	4,666,000	19.3
59	59,130,000	26.2	8,310,000	35.1	5,116,000	19.6
60	61,965,000	26.7	8,253,000	32.6	5,690,000	19.8
61	62,550,000	26.4	9,431,000	35.8	5,843,000	19.8
62	64,735,000	26.0	9,283,000	35.3	5,931,000	19.2
63	67,460,000	26.4	9,466,000	35.7	5,740,000	18.7
64	71,520,000	26.7	10,104,000	36.0	6,301,000	19.4
65	79,652,000	26.5	10,495,000	37.6	6,986,000	19.2
66	84,782,000	26.5	10,379,000	37.4	10,277,000	23.8
67	89,213,000	27.1	8,643,000	35.2	14,370,000	25.1

Source: Printing, Publishing and Allied Industries, D.B.S. Catalogue 36-203.

Throughout the period, circulation revenue for daily newspapers has accounted for between 24 per cent and 28 per cent of their total revenues. The peak of 28 per cent prevailed in the first three years of the 1950s. The decline between 1953 and 1957 can be attributed to a slowing in circulation-growth relative to the growth in demand for advertising space. A general increase in subscription rates and a slowing of the rate of growth in demand for advertising in the late 1950s increased circulation revenue, as a percentage of total revenue, to 26.5 per cent in 1958. The proportion has stabilized at this level in the period since 1958.

The data on circulation revenue for national weekend and weekly newspapers are generally self-explanatory. Note should be taken, however, of the sharp increase in circulation revenue of weekly newspapers in 1966 and 1967. This reflects a correspondingly rapid increase in circulation of weeklies including an increase in number of weeklies in suburban areas. The fact that circulation increased sharply as a proportion of total revenue indicates that advertising did not increase proportionately to circulation. Since demand for advertising space is closely dependent upon circulation, it is to be expected that advertising revenue of weeklies will show sharp increases over the next few years in response to the significant circulation increases.

ADVERTISING REVENUE

ADVERTISING RATES, 1955-1969

Advertising rates are generally quoted in cents per line per advertisement placed. To the advertiser, the coverage provided is as important as the cost per line per advertisement placed. In comparing the costs of advertising for two separate daily newspapers. the advertiser is interested in the cost per consumer reached.

Comparisons are frequently based on a milline rate, that is the cost of an agate line of advertising per 1,000 circulation. For our purposes, we have employed the alternative formula based on one million circulation calculated in the following way:

$$\frac{\text{Agate-line rate x 1,000,000}}{\text{Circulation of paper}}$$

This rate is interpreted as the cost of circulating one agate line of advertising to a standard circulation of one million subscribers. The milline rate gives a measure of the cost-per-line of advertising actually printed and distributed.

A comparison of milline rates for different papers gives a relative comparison of the costs of distributing a single line of advertising to a single subscriber. To the advertiser, this is the most important rate to use. In choosing between alternative advertising vehicles, his main concern is with the cost of distributing each line of advertising to each potential customer. (The use of the multiple of one million should not be allowed to cause confusion. The multiple is introduced to make the result large enough to be workable. To get the actual cost per line per consumer one could leave this multiple out.)

Retail and National Rates

All newspapers publish rate cards that quote the rates charged for advertising of different types. The generally published rate is the cost per line for national advertising. Retail advertising rates are generally not quoted in rate cards, but can be obtained from the newspaper on request. A substantial differential exists between national rates and retail rates: the former being considerably higher than the latter.

It is up to the individual newspapers, in conjunction with the Canadian Daily Newspapers Association, to decide whether an advertiser is a national or retail advertiser. A national advertiser is defined in terms of the extent of the market he deals with and in terms of the type of advertising program he has undertaken at any particular time. If he markets his product regionally or nationally, he generally falls into this category. As a result, practically all manufacturers, and most regional and national wholesalers, pay the national rate. Retail rates are open only to advertisers who operate retail stores in the market area covered by the newspaper. Retail chain stores, including chain department stores, pay the retail rate if they have stores in the market area.

Table 54 compares national and retail advertising rates for a selected group of daily newspapers in Canada.

Table 54. National and Retail Rates per Line for Selected Canadian Daily Newspapers – 1969

Newspaper	National Rate*	Retail Rate*	Retail as % of National
	$ per agate line	$ per agate line	%
Gazette (Montreal)	.58	.35	60.3
Citizen (Ottawa)	.30	.26	86.7
Nugget (North Bay)	.16	.13	81.3
Sun-Times (Owen Sound)	.13	.10	76.9
Spectator (Hamilton)	.46	.33	71.7
Tribune (Winnipeg)	.34	.27	79.4
News (Medicine Hat)	.14	.105	75.0
Herald (Calgary)	.36	.29	80.6
Journal (Edmonton)	.49	.40	81.6
Citizen (Prince George)	.16	.10	62.5
Guardian and Patriot (Charlottetown)	.19	.145	76.3
Reporter (Galt)	.14	.105	75.0
Journal-Record (Oakville)	.12	.11	91.7
Herald (Penticton)	.12	.105	87.5
Examiner (Peterborough)	.20	.1475	73.8
Herald (Prince Albert)	.13	.115	88.5
Star (Sudbury)	.24	.24	100.0
Chronicle-Telegraph (Quebec)	.13	.13	100.0
Star (Toronto)	1.45	.85	58.6

*Based on 5,000 lines per year, where applicable

Sources: Southam Press Limited, Thomson Newspapers Ltd., Retail Rate Card, Toronto Star, Canadian Advertising Rates and Data, July, 1969.

As can be seen from Table 54, in some cases the retail rates are only 55 per cent to 60 per cent of the national rates. This is a very striking discrepancy, given that the actual typographical material does not necessarily differ in complexity or form

for either type of advertiser. These discrepancies in rates give rise to some important questions regarding rate-setting by daily newspapers in view of the fact that daily newspapers have been experiencing a decline in their share of national advertising.

The possible explanations for these rate differentials fall into two categories. The first has to do with costs. National advertising usually requires a middleman, the advertising agency, to bring the companies doing national advertising together with the geographically dispersed daily newspapers. In return for performing that function the advertising agency receives 15 per cent of the gross expenditure of the advertiser. The national rates quoted in rate cards include a provision for the standard 15 per cent commission to advertising agencies, with the result that the net rate received by the newspaper is 15 per cent below the quoted rate if the ad is placed through an advertising agency. Practically all retail advertising space, on the other hand, is negotiated directly between the retailer and the advertising sales department of the newspaper concerned, eliminating the commission payment. Some papers, including the Calgary *Herald,* the Hamilton *Spectator,* the Toronto *Globe and Mail,* and the Toronto *Telegram,* state specifically on their national rate cards that agency commissions will not be paid on local retail advertising. In other cases, it seems to be generally understood between retailers and newspapers that space is to be arranged directly through the parties concerned.

However, as can be seen from the percentage differences, the commission payment does not explain all, or in many cases, even a major part of the differential in rates. As a result, it must be concluded that newspapers consider the nature of demand for national advertising space to be such that a higher line rate can be charged without adversely affecting the amount of national advertising.

The case would seem to take the following form. Retail advertising is very cost sensitive. If retail rates were raised to a level equal to national rates, the quantity of space would decline to such an extent that the total amount of retail advertising revenue would decline. The per line rate increases would not compensate in terms of total receipts for the loss of linage.

On the other hand, national advertising is not as cost sensitive within the current range of rates. If national rates were lowered to the level of retail rates, there would be very little increase in the amount of linage, meaning that total national advertising revenue would decline. The extra linage generated by the rate cut would not be sufficient to compensate for the loss of revenue per line.

A combination of these two arguments is to justify a rate differential greater than that based on cost differences alone. In pre-television days, there may have been some justification for this argument. National advertising tended to take the form of a regional or national blitz on a product, rather than a regular promotional activity throughout the year (a good example was the heavy fall promotion of new automobile models). These blitzes were considered a necessity by manufacturers. No other media could present the visual effects on a mass scale in the way that daily newspapers could. Further, not even the more regular advertisers wanting to develop regional or national markets could get the required mass visual coverage required without the use of daily newspapers. As a result, it was considered that most national advertising would come to daily newspapers, regardless of what rates were charged (within a reasonable range, of course).

Retail advertisers, on the other hand, had more advertising alternatives, and more marketing alternatives in general. Retail advertisers could, in many instances, obtain satisfactory results with the once-a-week, limited geographical coverage provided by weekly newspapers. They could also distribute advertising flyers at reasonable cost within the market area covered. This alternative generally was not, and still is not, open to national advertisers because of prohibitive costs involved in distributing flyers over a wide geographical area and because flyers are generally read only if they provide price and market selection information. Brand-name promotion, of interest to national advertisers, is virtually impossible through the use of flyers. Retailers can also effectively practise price competition by word of mouth transmission of this information, making it possible to cut back on advertising if it becomes too costly.

For these reasons it was possible to demand, and get, a premium on national advertising without adversely affecting the volume of such advertising. Cutting the national rate down to the retail rate would not have generated significantly greater revenues, while bringing the retail rate up to the national rate would have seriously affected revenues.

The spread of television and the use of more regularized national advertising appears to have changed all of this. National advertising has an effective alternative to newspapers, making it much more cost sensitive. Likewise, the greater regularization of national advertising has caused national advertisers to look more closely at alternatives. The effect of television on national advertising receipts of daily newspapers has already been indicated.

Volume Discount Rates

Most of the larger dailies indicate on their rate cards that substantial per-line discounts are available for large-scale advertising programmes. Since, in most cases, rate cards are not published for retail advertising, these data are generally available for national advertising rates only. However, the Toronto *Star* does publish a retail rate card, and equivalent types of discounts are offered for retail advertising. It is understood that these discounts are available for retail advertising in most other larger dailies as well.

Table 55 offers an indication of the nature and extent of discounts given for volume purchases of advertising space.

The justification for these quite substantial discounts would appear to be mostly in the demand side. In terms of costs of placing the ads, there is no significant reduction in costs to the newspaper as a result of volume if the ads are placed through an agency, although selling costs may be reduced.

The discounts largely reflect the power of the large advertiser to influence the cost of his advertising programme. In recognition of that power, volume discounts are now institutionalized to the extent of being included in many rate cards.

The main effect of volume discounts is to put small advertisers at a disadvantage relative to large firms in terms of advertising costs. This reinforces pressures toward larger-scale firms in the economy, since it introduces a somewhat artificial scale economy.

Table 55. National Advertising Rates per Line for Selected Daily Newspapers in July, 1969

Number of Lines Per Year	Rate Per Line			
	Journal (Edmonton)	*Citizen* (Ottawa)	*Telegram* (Toronto)	*Star* (Montreal)
	Dollars			
Single Line	.51	.32	1.50	.80
1,000 Lines	–	–	1.40	.78
2,500 Lines	–	.31	1.35	–
5,000 Lines	.49	.30	1.30	.76
10,000 Lines	.48	.29	1.25	.74
20,000 Lines	–	–	1.18	–
25,000 Lines	.47	.28	1.15	.72
36,000 Lines	–	–	1.10	–
50,000 Lines	.46	.27	1.07	.70
100.000 Lines	.45	.26	1.05	–
200,000 Lines	.44	–	–	–
300,000 Lines	.43	.25	–	–

Source: C.A.R.D., July, 1969.

Co-operative Advertising Rates

The separation of national advertising from retail has created a problem that always exists when two different prices are charged for a closely similar or identical product: the problem of how to prevent national advertisers from devising means of placing ads disguised as retail advertising. This problem has become more pressing as franchised dealers become a more popular form of merchandising. In this situation, it is possible for the local dealer to place the ad for the nationally-marked product and be reimbursed by the producer for the cost of the ad.

Daily newspapers have devised a method that appears to be a very effective solution to this problem. If a local dealer places an advertisement for a product that is marketed nationally, it is up to the newspaper's discretion to decide whether the relevant rate will be the national or the retail rate. Practically every rate card gives the criterion used to make this decision. For example:

> Co-operative advertising by local dealers will be accepted at local rates when manufacturer or distributor is carrying an adequate national advertising campaign.

It is said that this solution appears very effective. There is no indication, however, of how much potential advertising is lost to other media as a result of this practice.

Other Advertising Rates

The structure of relative rates for other types of advertising is not nearly so institutionalized as that of national and retail rates. Table 56 outlines various rates for a selected group of daily newspapers.

Table 56. Advertising Rates by Type of Advertising

Name of Paper	National	Classi-fied	Finan-cial	Reading Notices	Legal	Careers	Political	Gov't & Municipal	Amusem't & Sport
					Dollars				
Columbian	.27	.35	–	.31	.27	–	.27	–	–
Sun and Province (Vancouver)	1.40	1.40	–	2.80	–	–	–	1.40	1.50
Herald (Calgary)	.37	.37	–	.74	.37	.37	.37	–	–
Herald (Lethbridge)	.17	.21	–	.34	–	–	–	.34	–
Herald (Prince Albert)	.13	.225	–	.26	.19	–	.13	.19	–
Free Press (Winnipeg)	.47	.28	–	.47	.47	–	.47	.47	.47
Examiner (Peterborough)	.20	.21	–	.40	.27	–	–	–	–
Globe and Mail (Toronto)	1.50	.85	1.90	3.65	–	1.70	–	–	–
Star (Toronto)	1.65	.75	1.65	3.30	–	1.65	–	–	–
Telegram (Toronto)	1.50	.70	1.60	3.00	–	1.40	–	–	–
Le Devoir (Montreal)	.28	.28	.35	.50	.35	–	.45	–	.35
Gazette (Montreal)	.58	.50	.70	1.16	.60	.70	.58	–	.58
La Presse (Montreal)	1.10	.80	1.50	–	1.00	.85	–	–	1.10
Star (Montreal)	.80	.65	.85	–	.80	.80	.80	–	1.00
Chronicle-Herald and *Mail-Star* (Halifax)	.43	.43	.43	.50	–	.50	–	–	–

Source: Canadian Advertising Rates and Data, July, 1969.

There is very little standardization in the relationship of different types of rates among different newspapers. This can be seen by comparing classified rates with national rates. For four of the newspapers selected, classified rates are greater than national rates; for four, the two are the same; and, for seven, classified rates are less. Rates for reading notices (advertisements made up in editorial-type format) are generally considerably higher than national rates. Other types of rates are generally equal to or higher than the national rates.

While the rates used in Table 56 are drawn from the rate cards, it must be recognized that, with the general exception of national rates, the rates stated on rate cards are not necessarily the rates always paid by the advertiser. Special rates can often be negotiated by the advertiser if his business is sufficiently important to the newspaper.

In addition to the types of rates listed in Table 56 extra premiums are charged for colour advertising and, in some cases, for a guaranteed space on a specified page or position on a page. The size of the colour premium various considerably from paper to paper, with the premium for a single colour varying anywhere from 10 per cent to 35 per cent of the rate for non-colour, calculated on the basis of the minimum size ad accepted (usually 600 to 1,000 lines). The premium increases with the number of colours used. About 90 per cent of the dailies in Canada now have the facilities to print colour advertisements.

While most papers specify in their rate cards that a special position premium is charged for guaranteed position, this appears to be rarely invoked. Currently, positioning of ads appears to be used as a non-price bargaining tool. Large advertisers are often given choice positions to encourage them to continue their advertising programme.

Discounts are offered by all newspapers for early payment of outstanding accounts. The general practice is to allow a 2 per cent discount for payment of accounts by the twentieth day of the month following the publication of the advertisement.

What Structure for Rates?

The problem of the appropriate relationship for different types of advertising rates is a complex one. It is also an extremely important one, at a time when each of the media is uncertain about its competitive position as an advertising vehicle.

One of the major difficulties about establishing an optimum rate structure is that costs provide little guidance. All advertising is expected to generate revenue in excess of the publishing costs, since the revenue from advertising is used to subsidize the publication of news and editorial content. As a result, while it can be safely concluded that no advertising should be carried if it does not meet its own costs, the proportion above costs at which each rate should be set depends almost entirely on the conditions influencing demand for that type of space.

In a very general way, there is a useful guideline for establishing the optimum relationship between different rates for any individual newspaper. An overall mean rate should be established which, if charged equally for all advertising, would generate sufficient revenue to meet the total costs of publishing a newspaper containing that amount of advertising. Some rates should be adjusted downward from the mean, and some upward. Which should move which way, and the extent

of the differential, depends almost entirely upon the conditions of demand for that type of advertising.

Those types of advertising for which the volume is highly price-sensitive within the relevant rate range should be adjusted downward from the mean. This is true as long as the downward adjustment of rates generates sufficient extra advertising volume as to increase total net revenue from that type of advertising (that is, revenue after costs of producing the ads themselves). Such price-sensitivity is likely to exist where some other type of advertising medium is judged to be of almost equal value in terms of rates, or where alternative marketing techniques exist at reasonable costs.

Those types of advertising for which the volume is price-insensitive should be adjusted upward from the mean. In such cases, higher rates will not significantly decrease volume, yielding greater total net receipts on such types of advertising.

A great deal of study remains to be done in establishing the price-sensitivity of different types of ads. As a preliminary conclusion, it seems that classified advertising is likely the least price-sensitive, retail advertising more price-sensitive, and national advertising the most price-sensitive. This is based almost solely on the fact that classified advertising has the least competitive, and national advertising the most competitive, alternatives.

One strong word of caution should be made about this conclusion as it pertains to national rates. It is possible that a large part of national advertising currently placed in dailies could get much better value for money by switching to television but cannot make the shift because television time is not available. If this were the case, then national advertising in dailies would be insensitive to rate changes. The major factor influencing volume would be availability of television time, and not relative rates. If this is the case, it is a gloomy portent of the future. If new VHF channels and original advertising on cable are both permitted in the near future, it could be expected there would be a much larger shift of national advertising from dailies to television than is currently evident. This would have serious consequences for daily newspapers in the more heavily-populated areas where new television outlets can be expected to develop.

There are reasons for expecting, however, that the relative position of rates, rather than the availability of time, is the main factor preventing a further shifting of advertising from the dailies to television. First, in many market areas television stations are not able to sell all of the time they have available. Second, if television broadcasters are profit maximizers, they would be expected to increase rates to a point at which rates are at the maximum level which will still fill the available time. If this be so, it would be true conversely that a reduction in national newspaper rates relative to television rates would draw a greater share of national advertising back to newspapers.

Trends in National Advertising Rates 1955-1969

Tables 57 and 58 contain time-series data on national advertising rates. The papers included are those which have been publishing since at least 1955. Rates are based on volume contracts of 5,000 lines per year where applicable. Milline rates have been calculated, since these give the most accurate measure of unit costs to advertisers for advertising space.

Table 57. Rates per line and Milline Rates for Selected Daily Newspapers, 1955 – 1969

Circulation Group Name of Paper	1955 Rate	1955 Cost per 1,000,000	1960 Rate	1960 Cost per 1,000,000	1965 Rate	1965 Cost per 1,000,000	1969 Rate	1969 Cost per 1.000,000
				Dollars				
3,000 – 5,000 Circulation								
News (Truro	.04	12.56	.05	13.38	.05	12.15	.07	15.13
Chronicle Telegraph (Quebec)	.08	14.21	.09	16.36	.11	20.37	.13	27.02
Post (Lindsay	.035	14.07	.05	20.91	.05	17.40	.075	18.75
Evening Guide (Port Hope)	.04	19.69	.055	26.28	.07	24.06	.09	29.84
Daily Graphic (Portage la Prairie)	.05	25.65	.06	24.32	.08	26.39	.09	26.89
Herald Tribune (Grande Prairie)	–	–	–	–	.10	22.10	.12	28.37
News (Prince Rupert)	.07	21.73	.10	32.78	.12	35.73	.12	29.10
News (Amherst)	.04	14.81	.07	17.63	.08	21.68	.085	22.24
5,000 – 7,000 Circulation								
Daily News (St. John's)	.065	7.24	.075	10.61	.09	15.42	.09	14.94
Northern Daily News (Kirkland Lake)	.06	10.26	.08	13.12	.10	15.18	.12	19.34
Times (Trail)	.07	12.83	.09	15.87	.10	16.14	.12	18.97
7,000 – 10,000 Circulation								
L'Evangeline (Moncton)	.08	11.18	.10	9.85	–	–	.12	14.67
Record (Sherbrooke)	.07	8.27	.10	11.55	.12	13.56	.13	15.06
Packet & Times (Orillia)	.06	14.63	.08	14.92	.10	15.04	.12	15.37
Beacon-Herald (Stratford)	.08	8.24	.10	10.19	.11	11.21	.13	13.48
Times-Herald (Moose Jaw)	.08	8.63	.10	13.52	.12	13.79	.14	15.30
Herald (Prince Albert)	.06	9.50	.09	13.50	.11	14.71	.13	16.08
News (Medicine Hat)	.05	9.64	.09	14.13	.11	14.47	.14	18.09
Free Press (Nanaimo)	.05	9.22	.09	11.21	.12	13.93	.14	15.12

Table 57. Rates per line and Milline Rates for Selected Daily Newspapers, 1955 – 1969 (Continued)

Circulation Group Name of Paper	1955 Rate	1955 Cost per 1,000,000	1960 Rate	1960 Cost per 1,000,000	1965 Rate	1965 Cost per 1,000,000	1969 Rate	1969 Cost per 1,000.000
				Dollars				
10,000 – 15,000 Circulation								
La Voix de l'Est (Granby)	.08	15.15	.10	10.23	.12	11.73	.14	12.48
Recorder & Times (Brockville)	.06	4.38	.09	10.57	.12	11.93	.14	12.95
News (Chatham)	.09	6.56	.12	8.41	.14	9.49	.15	10.12
Standard-Freeholder (Cornwall)	.08	6.43	.11	7.92	.13	9.63	.15	10.57
Reporter (Galt)	.08	7.55	.10	8.67	.12	9.42	.14	10.40
Sun-Times (Owen Sound)	.08	6.47	.10	9.14	.11	8.85	.13	9.25
Times-Journal (St. Thomas)	.08	7.33	.10	9.32	.11	10.11	.14	12.43
Press (Timmins)	.08	7.63	.105	10.71	.12	9.89	.14	12.04
Sentinel-Review (Woodstock)	.08	9.05	.09	9.45	.11	11.11	.13	12.84
Sun (Brandon)	.07	8.18	.10	10.34	.12	9.81	.16	11.86
Daily News (Nelson)	.07	7.74	.09	10.30	.10	11.76	.12	11.96
15,000 – 20,000 Circulation								
Gleaner (Fredericton)	.07	6.92	.12	8.87	.12	8.61	.13	7.89
Intelligencer (Belleville)	.065	6.34	.10	8.28	.12	8.65	.13	8.30
Times-Journal (Port Welland)	.09	6.54	.11	7.06	.13	8.15	.17	10.06
Mercury (Guelph)	.08	6.87	.11	8.40	.13	8.69	.17	10.13
Review (Niagara Falls)	.08	5.98	.11	7.61	.125	7.61	.13	7.25
Nugget (North Bay)	.08	6.66	.10	7.53	.13	8.21	.16	9.07
News-Chronicle (Port Arthur)	.08	6.57	.11	7.11	.13	8.73	.17	11.26
Observer (Sarnia)	.09	6.81	.12	7.97	.15	8.93	.17	9.30
Tribune (Welland - Port Colborne)	.08	5.77	.12	7.73	.15	8.43	.17	8.92
Herald (Lethbridge)	.09	5.66	.12	6.89	.13	6.97	.17	8.60

20,000 – 30,000 Circulation								
Evening Telegram (St. John's)	.08	5.14	.105	7.11	.13	6.08	.15	5.27
Guardian (Charlottetown)	.09	6.58	.15	7.85	.18	8.73	.19	8.78
Post-Record (Sydney)	.14	5.15	.16	6.29	.18	6.64	.26	9.58
Expositor (Brantford)	.10	5.12	.12	5.77	.16	7.01	.18	7.00
Whig-Standard (Kingston)	.09	4.64	.12	5.83	.16	6.79	.21	7.26
Times-Gazette (Oshawa)	.08	6.39	.12	7.86	.15	7.55	.19	8.23
Examiner (Peterborough)	.09	5.19	.11	5.03	.155	6.56	.20	7.59
Star (Sault Ste. Marie)	.08	5.95	.12	7.67	.15	7.97	.17	8.17
Columbian	.11	9.24	.15	8.84	.21	11.09	.25	9.43
30,000 – 40,000 Circulation								
Daily Times (Moncton)	.10	4.69	.14	5.35	.18	6.46	.21	6.31
L'Action (Quebec)	.22	3.03	.24	4.22	.24	5.98	.24	7.43
La Tribune (Sherbrooke)	.12	4.90	.16	4.86	.25	5.83	.28	7.58
Le Droit (Ottawa)	.13	4.95	.15	4.70	.18	5.00	.20	5.32
Standard (St. Catherines)	.10	4.46	.12	4.47	.155	5.31	.18	5.25
Star (Sudbury)	.14	5.85	.18	6.66	.21	6.94	.24	7.15
Albertan (Calgary)	.13	4.44	.17	4.52	.21	5.87	.25	6.94
40,000 – 70,000 Circulation								
Telegraph-Journal (Saint John)	.17	3.83	.22	4.85	.24	5.01	.29	5.45
Le Devoir (Montreal)	.12	4.96	.15	4.79	.25	6.18	.28	6.69
Colonist and *Times* (Victoria)	.29	5.93	.31	6.02	.31	5.19	.35	5.04
Le Nouvelliste (Trois-Rivières)	.12	4.15	.15	4.45	.23	5.54	.31	6.57
Record (Kitchener-Waterloo)	.13	4.26	.15	4.39	.18	4.40	.21	4.16
Leader-Post (Regina)	.15	3.34	.17	3.40	.20	3.50	.28	4.64
Star-Phoenix (Saskatoon)	.14	3.87	.16	4.10	.19	4.38	.25	5.29
70,000 – 100,000 Circulation								
Citizen (Ottawa)	.20	3.53	.23	3.33	.28	3.90	.30	3.65
Journal (Ottawa)	.20	3.26	.23	3.33	.26	3.70	.28	3.58
Daily Star (Windsor)	.25	3.38	.28	3.67	.30	3.76	.34	3.88
Herald (Calgary)	.20	3.43	.25	3.56	.31	3.82	.36	3.79
Tribune (Winnipeg)	.20	2.85	.26	3.61	.31	4.14	.34	4.59

Table 57. Rates per line and Milline Rates for Selected Daily Newspapers, 1955 – 1969 (Concluded)

Circulation Group Name of Paper	1955 Rate	1955 Cost per 1,000,000	1960 Rate	1960 Cost per 1,000,000	1965 Rate	1965 Cost per 1,000,000	1969 Rate	1969 Cost per 1,000,000
				Dollars				
100,000 – 150,000 Circulation								
Chronicle-Herald and *Mail-Star* (Halifax)	.32	2.97	.36	3.36	.40	3.57	.43	3.67
Gazette (Montreal)	.22	2.58	.37	3.20	.50	3.69	.58	4.18
Matin (Montreal)	.15	2.29	.20	2.11	.45	3.56	.50	3.98
Spectator (Hamilton)	.24	2.75	.32	3.16	.41	3.59	.46	3.62
Free Press (London)	.29	3.18	.34	3.29	.36	3.06	.46	3.73
Free Press (Winnipeg)	.26	2.30	.36	2.98	.42	3.72	.45	3.36
150,000 + over Circulation								
La Presse (Montreal)	.45	1.95	.80	3.35	.95	3.73	1.10	5.22
Star (Montreal)	.42	2.71	.55	3.09	.64	3.26	.76	3.87
Globe and Mail (Toronto)	.65	2.66	.80	3.67	1.10	4.89	1.30	5.08
Star (Toronto)	.75	1.80	1.15	3.55	1.20	3.49	1.45	3.86
Telegram (Toronto)	.60	2.37	.75	3.32	1.05	4.78	1.30	5.43
Journal (Edmonton)	.24	2.69	.35	3.34	.42	3.33	.49	3.26
Province & Sun (Vancouver)	.93	2.86	1.10	3.47	1.20	3.56	1.40	3.89
Le Soleil (Quebec)	.33	2.71	.40	3.16	.50	3.18	.60	3.78

Source: Canadian Advertising Rates and Data (January of 1955, 1960, 1965. July of 1969)

Table 58. Indices of Advertising Rates by Size Groups, 1969

Circulation Group	Index – 1955 = 100*							
	Rates Per Line				Milline Rates			
	1955	1960	1965	1969	1955	1960	1965	1969
3,000 – 5,000 ...	100	133	185	219	100	123	146	160
5,000 – 7,000 ...	100	125	148	169	100	130	154	175
7,000 – 10,000 ...	100	141	–	198	100	124	–	155
10,000 – 15,000 ...	100	130	152	181	100	121	131	146
15,000 – 20,000 ...	100	139	163	195	100	120	219	141
20,000 – 30,000 ...	100	134	171	209	100	116	128	133
30,000 – 40,000 ...	100	123	151	170	100	107	128	142
40,000 – 70,000 ...	100	116	142	175	100	105	112	124
70,000 – 100,000 ...	100	119	139	154	100	106	117	118
100,000 – 150,000 ...	100	157	204	232	100	112	131	140
150,000 and over	100	153	183	218	100	135	151	172

	1955	1960	1965	1969
*Consumer Price Index:	100	110	119	140

Source: Consumer Price Index: Prices and Price Indices, D.B.S. 62-002 (Monthly)

The papers have been grouped by circulation sizes, based on 1969 circulation, and indices have been constructed to measure the movement of rates for each group over the 1955 to 1969 period. These indices give a measure of the degree of inflation of rates over the period.

The results show that rates per line for all size-groups have increased considerably faster than consumer prices over the period. While there is a considerable range in the rates of increase in rates per line, the lowest increase was 54 per cent for the 70,000 to 100,000 group, while consumer prices over the same period increased by 40 per cent. Both the smallest and largest circulation groups had rate per line increases of 118 per cent – 119 per cent, roughly three times the rate of increase in consumer prices.

For all except the 5,000 – 7,000-group, milline rates increased at a considerably slower rate than rates per line. This is explained by the fact that circulation for the papers in these groups grew at a faster rate than the rates per line for advertising.

Assuming that the papers on average maintained a relatively constant proportion of advertising to total space, changes in milline rates indicate changes in revenue required to meet the per column costs of publication (including profit). Since milline rates also provide the best measure of the cost per unit of advertising services rendered by a newspaper to an advertiser, they give the best measure of the degree of inflationary rate increases.

While milline rates increased for all groups, the rate of inflation was, for a number of groups, considerably less than the overall rate of inflation in the economy as indicated by the consumer price index. Milline rates for the four smallest circulation groups, the 30,000-to-40,000 groups, and the 150,000 + -group increased at a faster rate than consumer prices. Milline rates for intermediate-size papers in the 40,000-to-100,000 circulation range increased at a considerably slower rate than consumer prices. Advertisers in papers of this size range thus

experienced an increase in per-unit costs of advertising which was considerably less than the per-unit increase in the prices of products which they marketed.

It is nevertheless undeniable that inflationary trends in advertising rates have been relatively strong over the period. It has already been concluded that this inflation was sparked by growth in demand throughout most of the period. The rate of growth in demand for advertising space has permitted rate increases of the extent indicated. These rate increases have been such as to yield an increase in profits' share of the total value added of the industry, indicating that demand growth was greater than the growth in costs.

In light of this conclusion, other trends in demand for advertising space revealed in this study, which have been classified as "problems" for daily newspapers, must be kept in perspective. These problems, such as the increasingly strong position of weeklies in the retail advertising field, and the appropriation of national advertising by television, really imply two things. First, daily newspaper publishing would have been even more profitable in the past if such "problems" had not presented themselves. Second, these "problem" trends offer warnings for the future. If daily newspaper publishing is to remain a healthy, viable industry, steps must be taken by publishers to ensure that dangerous trends evident today are not the thin edge of more destructive forces of the future.

Comparative Rates in 1969

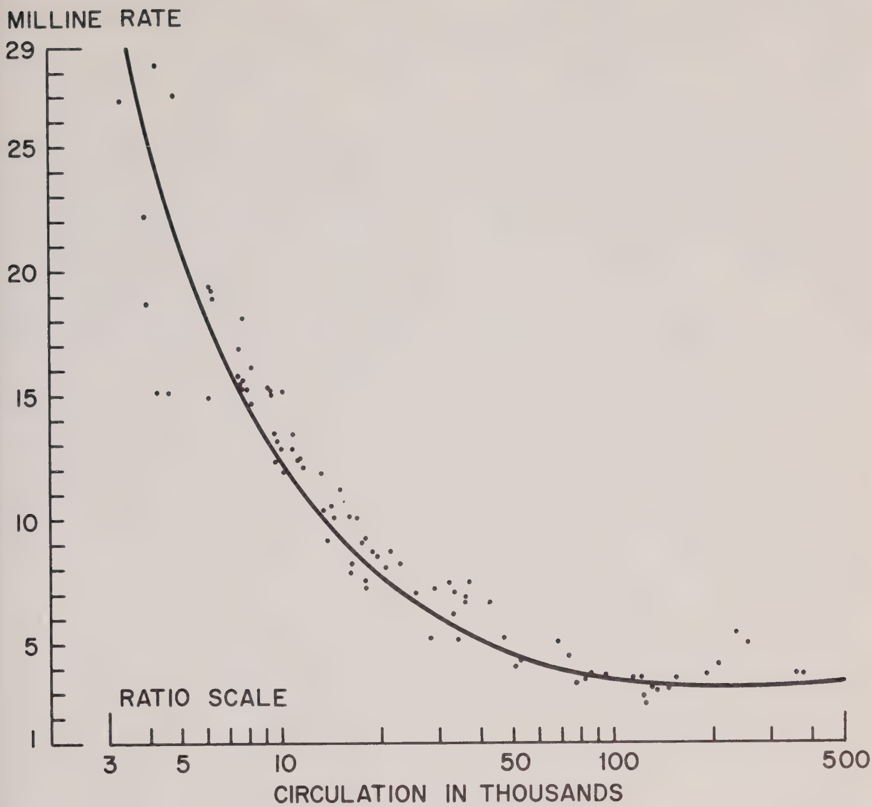
Chart 6 plots the 1969 national milline rates for all daily newspapers in Canada against the circulation of the papers. The results are extremely important.

The solid line on the graph traces the trend in rates as the circulation size of newspapers increases. Fitted to the data, it forms a relatively smooth curvelinear line sloping downward to the right. This line indicates that, as a general relationship, the larger the circulation of a newspaper, the lower the milline rate charged.

The shape of this line suggests that the larger the circulation of a paper, the smaller is the cost-per-line-printed. Assuming that advertising space is a relatively constant proportion of total space, the milline rate could be transposed by an appropriate multiple to yield the revenue per million lines printed. This revenue function would take the same shape as the functional relationship between milline rates and circulation. If revenue per line is roughly equal to cost per line ("cost" including a 'normal" profit) then cost-per-line-printed decreases as circulation increases.

The supposition that the revenue-per-line function takes the same general shape as the cost function assumes that daily newspaper publishers in the large size range do not take significantly larger "monopoly" profits than those in the smaller size range. This assumption is justified on a number of grounds. First, profitability data by and large support this assumption. Second, the countervailing power of large-scale manufacturing firms, chain stores, and department stores is probably sufficient to prevent newspapers in general from taking large monopoly profits. Third, if the shape of the graph is dictated by the fact that some daily newspapers are taking larger monopoly profits than others, then one would have to conclude that the small dailies are the culprits.

Chart 6
MILLINE RATE AND CIRCULATION



SOURCE: For the original derivation of the above type of relationship between milline rates and circulation see John R. Malone's "Economic-Technological Basis for Newspaper Diversity," Journalism Quarterly (Summer, 1951).

This is highly improbable, and it is not supported by other data. Fourth, the generation of monopoly profits depends upon an industry being isolated from effective competition from other industries providing a similar service. Competition from weeklies, radio, and television is relatively strong for papers of all sizes, making it improbable that small dailies are in a position to generate significantly greater monopoly profits than larger papers.

If these assumptions are correct, then the graph outlined here also outlines the shape of the cost function for the industry. This in turn suggests that costs-per-line decrease significantly as the number of lines printed increases. Since costs are extremely important in determining milline rates, the whole question of the relationship of costs to circulation is investigated in more detail in a separate section.

Assuming for the moment that the shape of the rate function on the graph is determined by realities invoked by costs, this has important implications for

competitive conditions in the industry. Since advertisers, in choosing their advertising vehicle, are primarily concerned with the cost-per-potential-consumer-reached, it follows that larger circulation papers are in a position to offer advertisers a more attractive advertising vehicle than smaller papers in the same market. Further, the greater the discrepancy in circulation, the greater the differences in relative costs to advertisers.

An example from the graph illustrates this point. Suppose there are two daily newspapers in an area, one with a circulation of 10,000, and the other with a circulation of 50,000. If the papers both operate under conditions similar to existing papers in Canada, the milline rate charge for the smaller paper will be approximately $13.50, while for the larger paper it will be approximately $4.75. Faced with a choice between the two papers, advertising will find the lower cost paper to give better value for money, since the smaller paper costs almost three times as much per-potential-customer as the larger paper.

This example indicates, in a preliminary way, the tremendous competitive advantage that larger papers appear to have, on the basis of data presented so far, over competing smaller papers. The extent to which relationship is immutable due to underlying conditions of production will be investigated further in the next section on costs. Assuming for the moment, however, that the general relationship of milline rates to size does hold, what can a smaller paper competing with a larger do to attract the necessary share of advertising dollars?

First, a smaller paper must isolate a separate and distinguishable part of the reading community from the other daily papers, and be able to show clearly that there is little duplication of coverage with larger papers with lower milline rates. Second, it must provide lower cost-per-reader coverage than weeklies which have circulation among the same readers. Third, it would do well to have a readership that cannot be reached at a lower cost by some other medium like television. This would help to avoid the possibility that advertisers may obtain lower cost total coverage by using a combination of television and the larger daily, rather than the two dailies. Fourth, it must somehow convince advertisers that the coverage it provides is in some way important enough to the advertiser to justify his paying a much higher rate-per-potential-customer-reached.

If the smaller paper in a competitive situation is unable to do all of these things, it stands little change of attracting sufficient advertising dollars to remain operational. Nothing is more cold-blooded than the advertising dollar. Understandably an advertiser wishes to minimize his expenditure-per-consumer, and the lower the cost-per-potential-customer reached, the more attractive the advertising alternative.

The conclusions reached on the basis of the data in this graph provide an extremely important hypothesis regarding the causal forces leading to the development of monopoly daily papers in most Canadian cities. It would appear that larger papers are able to offer a lower-cost advertising vehicle than smaller papers. If this is so, larger papers are in a position to appropriate a larger share of the advertising in the market. Since advertising is the life-blood of a newspaper, this makes it difficult for a smaller paper to survive.

For the same reason, new entrants have little chance of competing effectively. By its very nature, a new entrant starts small, relative to the size of the competing paper, and this size factor is an immediate strike against the now entrant.

Combination Rates

When two papers integrate their advertising activities and require that ads be placed in both papers at a single rate, the papers are said to have established a combination rate. Combination rates are established when there is a common interest on the part of the publishers to maintain both papers. The practice is a means of restraining the competitive factors that arise when two papers of a different size operate in the same market. As has been pointed out, if the papers operate independently and restrict themselves to relatively normal profits, the cost to advertisers per potential customer would appear to be much lower for the larger paper. As a result, through time, advertisers would be expected to withdraw support from the smaller, more costly paper, switching to the larger paper. This would eventually lead to great difficulties for the smaller paper.

The use of a combination rate in fact forces the advertiser to subsidize the operation of the smaller paper. If he wishes to advertise in a daily newspaper, he must advertise in both papers. The result is that advertisers usually carry a greater advertising load than they would if they could place ads in the single paper of their choice. In addition, the establishment of a common rate for both papers diminishes the force of competitive cost factors which lead to increasing discrepancies in relative market shares of advertising if each paper has its own rate.

An alternative to the use of combination rates would be to maintain the rates for the larger paper at abnormally high levels so as to minimize the discrepancy in the two sets of rates. The larger paper would then earn large monopoly profits, and rates could be kept at a level that would permit the smaller paper to continue to draw sufficient advertising so as to be profitable also.

This alternative has disadvantages. In some cases it would be suspect as a form of price fixing under restrictive trade practices legislation. It would also lead to milline rates for the larger paper greatly out of line with other papers in Canada of equal size. This would create a strong adverse reaction on the part of advertisers, a reaction most papers are not willing to risk.

By the use of combination rates, a more reasonable milline rate can be set for the larger paper while at the same time keeping the advertising cost per subscriber the same for both papers. A rate can be set that keeps the two papers, each taken as a single unit, profitable, even though excess profits from the one paper are in fact subsidizing the other.

Combination rates offer an advantage in addition to that of establishing a common milline rate for two papers of differing sizes. In cases where there is considerable duplication of circulation (for example, morning and evening papers in the same city) not even equal milline rates would be sufficient to attract sufficient advertising to both papers Most advertisers would use the larger paper, with the result that the smaller paper would receive very little advertising. By the introduction of combinations, advertisers are faced with an all-or-nothing choice. The combination rate system generates a greater volume of advertising than there

would be in its absence. Generally this creation of a greater volume accrues as a benefit to the smaller paper.

In general, some form of joint ownership of part of all of the publishing facilities is required in order to stimulate any interest in the use of combination rates. Under any other circumstances, less competition is generally considered by firms to be better than more, with the result that the larger paper would have little interest in maintaining the viability of the smaller paper.

Technically, there are sixteen dailies in Canada for which advertising is sold in combination. This group contains the following paired combinations: Vancouver *Sun* and *Province,* Victoria *Colonist* and *Times,* Moncton *Times* and *Transcript,* Saint John *Telegraph-Journal* and *Evening Times-Globe,* Charlottetown *Guardian* and *Patriot,* Halifax *Chronicle-Herald* and *Mail-Star.* In all cases one of the pair is a morning paper and one is an evening paper. With the exception of the Vancouver papers, all are owned and published by the same publisher. The Vancouver case is somewhat complicated by the fact that, while both papers are owned by Pacific Press Limited, 50 per cent of the company is owned by Southam Press Limited, and 50 per cent by F.P. Publications Limited. In addition, each paper maintains a separate publications department. with the publisher (manager of the publications department) of the *Province* appointed by Southam and the publisher of the *Sun* appointed by F.P.

The other four papers which have combination rates make up the Columbian group of papers in British Columbia. These are the New Westminster *Columbian*, the Surrey *Columbian,* the Burnaby *Columbian,* and Coquitlam *Columbian.* These four papers are all owned and published by the Columbian Company Limited.

An examination of the milline rates of each of these groups indicates that the rates are quite consistent with rates for papers of the same general circulation size. This would suggest that these combination arrangements have not been utilized to generate excessive monopoly profits through an inflation of rates. More surprisingly, it also does not appear that the indirect subsidization of one paper through the other has led to a cost-generated inflation of rates.

Two factors explain the lack of any cost inflation of rates. First, a large part of the benefits of the use of combination rates appears to come through the extra volume of advertising generated through facing advertisers with an all-or-nothing choice. Rather than not advertise at all, many advertisers are willing to accept the forced increase in expenditures brought about by the forced combination. Second, all of the papers that have combination rates are composed and printed in the same plant. All except the Vancouver *Sun* and *Province* also use virtually the same editorial, advertising, and circulation staff. This combination of production activities, which is really part and parcel of the same joint business agreement, reduces overhead costs considerably from what they would be if each of the papers were produced by separate units. This reduction in costs helps to make it possible for the milline rates of papers sold in combination to be generally in line with independent papers with roughly equivalent total circulation.

ADVERTISING REVENUE, 1950-1969

Chart 7 and Table 59 show movements in net advertising receipts of newspapers and periodicals in Canada since 1950. These are net figures in the sense that advertising commissions, where applicable, are not included.

Chart 7
ADVERTISING RECEIPTS, BY MEDIUM, 1950–1967

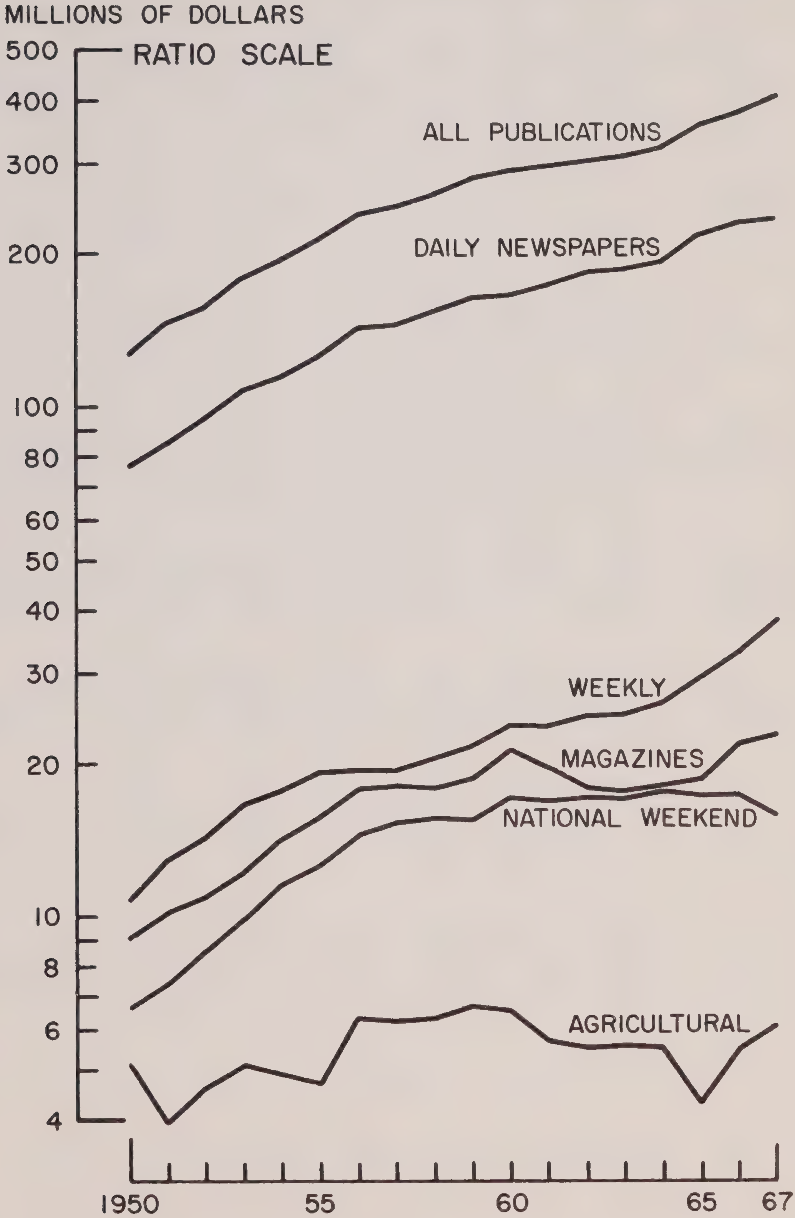


Table 59. Net Advertising Revenue of Newspapers and Periodicals

Year	Daily	National Weekend	Weekly bi-Weekly etc.	Magazines of General Circulation	Trade, Technical, Scientific	Agricul-tural	Controlled Distribution Weekly	Telephone Directory	Other	Total
					Dollars					
1950	76,846,000	6,541,000	10,748,000	9,058,000	9,704,000	5,337,000	–	7,938,000	1,320,000	127,491,000
51	85,283,000	7,266,000	13,059,000	10,188,000	10,588,000	3,929,000	–	8,573,000	1,847,000	140,733,000
52	94,640 000	8,614,000	14,416,000	10,947,000	12,366,000	4,573,000	–	9,367,000	2,125,000	157,049,000
53	109 795 000	9,794,000	16,588,000	12,184,000	14,158,000	5,074,000	–	10,727,000	2,503,000	180,824,000
54	116,113,000	11,566,000	17,785,000	14,280,000	15,238,000	4,911,000	–	12,152,000	2,577,000	194,622.000
55	127.224,000	12.822,000	19.275,000	15,720,000	16,290,000	4,706,000	–	13,741,000	2,573,000	212,474,000
56	142,409,000	14,701,000	19,344,000	17,940,000	20,642,000	6,311,000	–	16,009,000	2,742,000	240,097,000
57	146,389,000	15,234,000	19,217,000	18,109,000	22,876,000	6,217,000	–	18,724,000	2,808,000	249,575,000
58	152,537,000	15,457,000	20,306,000	17,798,000	23,383,000	6,304,000	–	22,290,000	2,948,000	261,023,000
59	166,316,000	15.357,000	21,900,000	18,513,000	25,183,000	6,751,000	–	25,873,000	3,061,000	282,953,000
60	169,928,000	17,089,000	23,042,000	21,033,000	25,760,000	6,440,000	–	28,635,000	2,956.000	294,883,000
61	174,159,000	16.935 000	23,692,000	19,801,000	25,215,000	5,757,000	702,000	30,100,000	2,317,000	298,678,000
62	184,054,000	17,018,000	24,908,000	17,875,000	24,547,000	5,529,000	773,000	32,041,000	2,167,000	308,912,000
63	187,619,000	17,039,000	24,879,000	17,320,000	24,933,000	5,617,000	697,000	32,986,000	2,297,000	313,307,000
64	195,894,000	17,935,000	26,256,000	17,818,000	26,400,000	5,551,000	922,000	34,461,000	2,343,000	327,580,000
65	220,823,000	17,394,000	29,466,000	19,651,000	29,931,000	4,230,000	1,495,000	34,790,000	3,002,000	360,781,000
66	234,915,000	17,391,000	33,093,000	21,872,000	29,189,000	5,479,000	2,067,000	37,155,000	3,578,000	384,733,000
67	239,810,000	17,886,000	42,937,000	22,940,000	32,429,000	6,036,000	1,815,000	40,151,000	3,599,000	405,736,000
					Per Cent					
1950	60.27	5.13	8.43	7.10	7.61	4.19	–	6.23	1.04	100.00
51	60.60	5.16	9.28	7.24	7.52	2.79	–	6.09	1.32	100.00
52	60.26	5.49	9.18	6.97	7.87	2.92	–	5.96	1.35	100.00

1953	60.72	5.42	9.17	6.74	7.83	2.81	–	5.93	1.38	100.00
54	59.66	5.94	9.14	7.34	7.83	2.52	–	6.24	1.33	100.00
55	59.88	6.04	9.07	7.40	7.67	2.21	–	6.47	1.21	100.00
56	59.31	6.12	8.06	7.47	8.60	2.63	–	6.67	1.14	100.00
57	58.66	6.10	7.70	7.26	9.17	2.49	–	7.50	1.12	100.00
58	58.44	5.92	7.78	6.82	8.96	2.42	–	8.53	1.13	100.00
59	58.78	5.43	7.74	6.54	8.90	2.39	–	9.14	1.08	100.00
60	57.63	5.80	7.81	7.13	8.74	2.18	–	9.71	1.00	100.00
61	58.31	5.67	7.93	6.63	8.44	1.93	0.23	10.07	0.77	100.00
62	59.58	5.51	8.06	5.79	7.95	1.79	0.25	10.37	0.70	100.00
63	59.89	5.44	7.94	5.53	7.96	1.79	0.22	10.50	0.73	100.00
64	59.80	5.47	8.02	5.44	8.06	1.69	0.28	10.52	0.72	100.00
65	61.21	4.82	8.17	5.45	8.30	1.17	0.41	9.64	0.83	100.00
66	61.06	4.52	8.60	5.69	7.59	1.42	0.54	9.66	0.93	100.00
67	59.11	3.92	10.58	5.66	7.99	1.49	0.44	9.90	0.89	100.00
					1950=100					
1950	100.00	100.00	100.00	100.00	100.00	100.00	–	100.00	100.00	100.00
51	112.48	110.98	111.08	121.51	109.11	73.62	–	108.00	139.92	110.39
52	120.85	123.16	131.69	134.13	127.43	85.68	–	118.00	160.98	123.18
53	134.51	142.88	149.73	154.34	145.90	95.07	–	135.13	189.62	141.83
54	157.65	151.10	176.82	165.47	157.03	92.02	–	153.09	195.22	152.66
55	173.55	165.56	196.02	179.34	167.87	88.18	–	173.11	194.92	166.66
1956	198.06	185.32	224.75	179.98	212.72	118.24	–	201.68	207.72	188.33
57	199.92	190.50	232.90	178.80	235.74	116.49	–	235.88	212.72	195.76
58	196.49	198.50	236.30	188.93	240.96	118.11	–	280.80	223.33	204.74
59	204.38	216.43	234.78	203.76	259.51	126.50	–	325.94	231.89	221.94
60	232.20	221.13	261.26	214.38	265.46	120.67	–	360.73	223.94	231.30
61	218.60	226.63	258.90	220.43	259.84	107.87	–	379.18	175.53	234.27

Table 59. Net Advertising Revenue of Newspapers and Periodicals (Concluded)

Year	Daily	National Weekend	Weekly bi-Weekly etc.	Magazines of General Circulation	Trade Technical Scientific	Agricul-tural	Controlled Distribution Weekly	Telephone	Other	Total
					1950=100					
62	197.34	239.51	260.17	231.75	252.96	103.60	–	403.64	164.17	242.30
63	191.21	244.14	260.50	231.48	256.94	105.25	–	414.54	174.01	245.75
64	196.71	254.91	274.19	244.29	272.05	104.01	–	434.12	177.50	256.94
65	216.95	287.35	265.92	274.15	308.44	79.26	–	438.27	227.42	282.99
66	241.47	305.69	265.88	307.90	300.79	102.66	–	468.07	271.06	301.77
67	253.26	312.06	243.36	399.49	334.18	113.10	–	505.81	272.65	318.25

Source: Printing, Publishing and Allied Industries, D.B.S., 36-203 (Annual)

As can be seen, daily newspaper advertising revenue makes up the largest proportion of advertising in publications. In 1950, daily newspapers accounted for slightly over 60 per cent of the total, while in 1967, the figure was slightly over 59 per cent. The trend in the growth of receipts of daily newspapers has also been more stable than other publications, most of which have experienced rather violent swings in rates of growth.

National weekend magazines have been receiving a declining share of the total through time. Total receipts of national weekend magazines have declined since 1964.

Weekly newspapers, after a rather difficult period in the late 1950s and early 1960s have been showing remarkable strength in recent years. The trend from 1965 to 1967 was in marked contrast to daily newspapers. The rate of growth of receipts of the latter experienced sharp declines in 1966 and 1967, while the rate for weeklies continued at an explosive pace first set in 1964 and 1965.

The fortunes of general circulation magazines have been quite varied over the period. In the ten-year period 1956-65, advertising in magazines was generally static with only a brief respite in 1960. Magazines have recovered somewhat since 1965, with a major leap in net receipts in 1966.

Agricultural publications experienced great variability in receipts over the period 1950-67, with practically no overall growth in the period considered as a whole. This reflects a malaise that is general throughout this sector of the publication industry.

One striking feature evident in the trend in receipts for all publications except agricultural is the relatively constant and rapid rate of growth up to 1956, followed by a period of reduced and unstable growth which lasted for the ten-year period from 1956 to 1965. Since 1965, there has been some recovery in growth rates for most publications although not with the same strength and consistency as was evident up until 1956.

The primary cause of the post-1956 instability was of course, the advent of television. Television not only appropriated some of the advertising that would have gone to publications, but it also introduced a great deal of uncertainty as advertisers began to evaluate the comparative advantages of the different forms of advertising in an effort to strike a new balance in expenditure patterns.

Growth in Daily Newspaper Advertising Revenues, 1950-1967

The growth pattern of advertising revenues for daily newspapers can be divided into three distinct periods, with each period characterized by different growth trends. The first period extends from 1950 to 1956; the second from 1957 to 1964; and the third, from 1965 to 1967.

The period 1950-56 was one of rapid growth in advertising revenues for dailies, with net advertising increasing from $76.8 million in 1950 to $142.4 million in 1956, and 85 per cent growth in revenues. The next period, from 1957 to 1964, was characterized by a much slower annual rate of growth, with revenues over the period advancing only a further 75 per cent above the level of 1950. The most important feature of the last period was a marked jump in revenues in 1965, with the advance in that year alone being 32.5 per cent of the level of 1950.

There are a number of explanations for the rapid growth in revenues during the period 1950-56. The period was one of relatively rapid growth in consumer expenditures. These expenditures increased by 64 per cent over the period, advancing from $11.9 billion in 1950 to $19.5 billion in 1956. However, this in itself does not account for all of the growth. It was further augmented by an increasing emphasis on advertising by business as the earlier successes of mass advertising programmes became apparent. The lack of any widespread application of new technology meant that daily newspapers got their full share of these proportionately increasing advertising expenditures.

A number of reasons can be advanced for this increasing emphasis on advertising. First, the first half of the 1950s was one of a great consumer boom in Canada, with producers of consumer goods becoming more and more conscious of the gains to be had from going directly to the consumer with messages about their products. Second, the advertising battle between producers of competing products escalated rapidly over the period as producers became more aware of the need to match their competitors in advertising expenditures if they were to maintain their market shares. Third, the 1940s and early 1950s were a period of significantly increased circulation of the mass media, and of daily newspapers in particular. The circulation of daily newspapers increased by 53.0 per cent from 1940 to 1950, and a further 12.6 per cent from 1950 to 1955. Circulation-per-capita in Canada increased from 0.1879 in 1940 to 0.2364 in 1950, and to 0.2374 in 1955. These growths in circulation increased the effectiveness of advertising in daily newspapers. Advertisers were perhaps a bit slow to realize the implications of these changes, but when this realization came in the early 1950s they took full advantage of it.

The growing emphasis on newspaper advertising as a marketing technique for consumer goods and services is made apparent by the growth of advertising receipts of daily newspapers as a proportion of expenditures on consumer goods and services. Table 60 shows these figures for the 1950 to 1967 period. During the period 1950-56 this proportion rose from 0.641 per cent to 0.732 per cent. Further, in no year over the period did this proportion fall relative to the previous year, something which was not true for any of the two later periods.

However, as has been pointed out in an earlier section, the situation in the period 1950-56 was not confined to daily newspapers alone. Advertising as a whole was being emphasized much more as a marketing technique. This is indicated by the fact that total advertising expenditures increased from 1.90 per cent of consumer expenditures in 1950 to 2.30 per cent of consumer expenditures in 1956.

It is interesting to note that most of the rapid growth in daily newspaper advertising in the period 1950-56 went to already-established papers. The only new dailies initiated during this period were the *Daily Miner and News* (Kenora), the *Packet and Times* (Orillia), the *Daily Sentinel* (Kamloops), and the *Daily Bulletin* (Kimberley).

The rate of growth of daily newspaper advertising slowed rather abruptly in 1957, a year significant for advertising in a number of ways. First of all, it inaugurated a period of much-reduced growth in advertising revenues of daily newspapers, which except for one brief interlude in 1959, was to last until 1964. Second, it marked the beginning of a long decline in the proportion of daily

newspaper advertising to total expenditures on consumer goods and services; a decline that persists today. Third, and somewhat related, it marked the first year of the 1950s in which total advertising did not continue to grow as a proportion of consumer spending. It was not until 1961 that advertising began again to receive a proportionately greater emphasis in consumer-marketing programmes.

Table 60. Daily Newspaper Advertising Revenue Relative to Consumer Expenditure, 1950 – 1967

Year	Expenditures on Consumer Goods and Services	Advertising Receipts Daily Newspapers	Advertising Receipts As a Percentage of Expenditures on Consumer Goods and Services
	Dollars	Dollars	Per cent
1950	11,991,000,000	76,846,000	0.641
51	13,399,000,000	85,283,000	0.636
52	14,818,000,000	94,640,000	0.639
53	15,717,000,000	109,795,000	0.699
54	16,561,000,000	116,113,000	0.701
55	17,902,000,000	127,224,000	0.711
56	19,466,000,000	142,409,000	0.732
57	20,886,000,000	146,389,000	0.701
58	22,211,000,000	152,537,000	0.687
59	23,620,000,000	166,316,000	0.704
60	24,705,000,000	169,928,000	0.688
61	25,120,000,000	174,159,000	0.693
62	26,636,000,000	184,054,000	0.691
63	28,364,000,000	187,619,000	0.661
64	30,647,000,000	195,894,000	0.639
65	33,134,000,000	220,823,000	0.666
66	36,057,000,000	234,915,000	0.652
67	38,998,000,000	239,810,000	0.615

Source: D.B.S.

The reduction in the rate of growth of daily newspaper advertising revenues in 1957 was accompanied by a general slowdown in the rate of growth of all advertising revenues in that year. This was largely attributable to two main factors. The first was a slowing in the pace of advance of the economy in general, reflected in the movements of gross national product, expenditures on consumer goods and services, and retail sales. The second was the stabilization of advertising expenditures. This can be attributed to the widely-held view that the gains from continuing increases in the proportionate expenditures on advertising had reached a point where they were equivalent to the cost of such further increases.

Throughout the post-1956 period, producers of consumer goods and services permitted expenditures on daily newspaper advertising to fall relative to their total sales of these goods and services. In 1956, the former stood at 0.732 per cent of the latter; by 1964 it had fallen to 0.639 per cent.

The decline becomes even more significant when it is compared to the jump in the proportion of all advertising expenditures to sales of consumer goods and

services which took place in 1961. Newspapers participated only slightly in the jump of that year, with television being the main beneficiary.

The year 1965 was an unusual one for daily newspapers, given the sharp increase in advertising revenues. Two factors would seem to explain this increase. One was the sudden increase in the rate of growth of expenditures on consumer goods and services that occurred in the previous year. (To advertisers, this probably came as a bit of surprise given the much more stable and slower growth rate over the previous three years. As a result, the expenditures on advertising would tend to lag behind the shift in consumer expenditures.) The second factor was the increase in the rate of growth of retail sales in 1965. (Newspaper advertising in particular tends to be more dependent on levels of retail sales than do most other types of advertising.)

The 1965 rate of growth of daily newspaper advertising has not been maintained in the period since. Relative to 1950, daily advertising jumped by 32.5 per cent between 1964 and 1965. Comparative figures for the following two years were: 1965-66, 18.3 per cent; 1966-67, 6.37 per cent.

This recent decline in the rate of growth of daily newspaper advertising is a matter of some concern, particularly since consumer expenditures continued to grow at unabated rates over the period. What explains the decline?

Part of the explanation rests with a decline in the rate of growth of retail sales in the period 1965-67. The year 1968 was one of some recovery in the growth of retail sales which offers some expectation that the growth of daily newspaper revenues will likewise show some recovery in 1968.

A further explanation for the decline in the growth of daily newspaper advertising revenue lies in the fact that dailies are rapidly losing their share of national advertising. Table 61 indicates national advertising receipts of daily newspapers as a percentage of national advertising receipts for all newspapers, general magazines, and broadcasting stations.

Table 61. Daily Newspaper National Advertising Revenue as a per cent of Total National Advertising Revenue, 1961 – 1967

Year	Total National Advertising Receipts All Media	National Advertising Receipts Dailies	National Advert. Dailies as % of Total
	Dollars	Dollars	Per Cent
1961	155,218,000	50,085,000	32.2
62	165,436,000	52,321,000	31.6
63	168,789,000	51,126,000	30.3
64	182,289,000	51,076,000	28.0
65	201,210,000	58,393,000	29.0
66	211,699,000	59,761,000	27.2
67	232,558,000	58,972,000	25.4

Sources: Printing, Publishing and Allied Industries, D.B.S. Catalogue 36-203, Annual
Radio and Television Broadcasting, D.B.S. Catalogue 56-204, Annual

As can be seen from this table, the importance of daily newspapers in the national advertising picture has declined quite rapidly, a problem of some concern to the

industry. The relevance of this problem to the rate structure of daily newspapers is elsewhere investigated.

Effects of Changes in Numbers of Newspapers on Revenue Data

Some of the changes in the rate of growth of revenues in a particular year might be attributable to the number of dailies then being published. The discussion so far has treated shifts in advertising revenues as being largely a result of shifts in demand for advertising space.

From 1950 to 1956, a period of rapid growth in revenues, only four new dailies emerged. All had circulations below 5,000. Papers ceasing publication during that period were the Edmonton *Bulletin* and the Montreal *Le Canada*. Since the relatively large, combined circulations of approximately 50,000 for these two papers appears to have been rapidly picked up by competing papers in those two cities, this change would not have much effect on total advertising revenues.

During the period 1957-64, the period of a slowing of growth of advertising revenues, twenty new dailies began publication and eight ceased publication. Of the eight that ceased publication, four had started during the period. Another four of those that came into being during the period closed down after 1964. Of the sixteen new additions that remained operational in 1964, at least eleven were in the under-5,000 circulation range. Only one, *Le Journal de Montréal,* was over 10,000 in circulation.

Of the eight that ceased publication, only four had been operational before 1957. One of these, Chicoutimi *Le Progrès du Saguenay,* was located in a single newspaper town. As a result, its closing would have caused some decline in the aggregate advertising revenue data. However, since this was in the 3,500 circulation range, the change was not significant. The other three that ceased publication were of a somewhat larger size. The Montreal *Herald* was in the 35,000 range, the Vancouver *Herald* in the 30,000 range, and Montreal *La Patrie* in the 20,000 range. All three of these papers ceased publication in 1957 – *La Patrie* becoming a weekly in that year. The year 1957 was a rather poor one for growth in daily newspaper revenues. However, there are two reasons for suspecting that this was a phenomenon resulting largely from the rate of growth in demand for advertising space, rather than from the closing of three relatively large newspapers. The first of these reasons is that 1957 was a year of rather slow growth in the economy itself, and particularly in retail sales. The second is that all three of these papers were published in cities with other papers. As a result, a good deal of the circulation, and an even larger portion of the advertising accounts appear to have switched to other papers. In the case of the Vancouver *Herald,* the accounts receivable were sold as assets to one of the competing papers in the city.

During the post-1964 period, six papers began publication and eight ceased publication. With the exception of two, these were again relatively small papers, with the changes in advertising opportunities not being large enough to influence total revenue figures appreciably. The two larger papers, the *Montreal Metro Express* and the Vancouver *Times,* both began publication in 1964, with the latter ceasing publication in 1965 and the former in 1966. Again, these two papers

published in cities with competitors, where the changes in total advertising were probably less significant that the reallocation of revenues between papers. Furthermore, the failure of these two papers reflects their lack of success at providing an outlet for advertising demand that was not available before their entry.

Distribution of Daily Newspaper Advertising Revenue by Type

Table 62 shows the distribution of daily newspaper advertising revenue by the three types: classified, retail, and national. As can be seen, retail advertising as a percentage of total advertising varied from 50.7 per cent in 1961 to 52.4 per cent. National advertising, on the other hand, now makes up only 25 per cent of the total advertising revenue. This proportion is on the decline, having fallen from 28.8 per cent in 1961. This can be contrasted with television, where 80 per cent of the advertising revenue comes from national advertising.

Table 62. Daily Newspaper Advertising Revenues, 1961 – 1967

Year	Retail	Classified	National	Total
		Dollars		
1961	88,315,000	35,759,000	50,085,000	174,159,000
62	91,294,000	40,439,000	52,321,000	184,054,000
63	96,419.000	40,074,000	51,126,000	187,619,000
64	101,654,000	43,164,000	51,076,000	195,894,000
65	113,294,000	49,135,000	58,393,000	220,823,000
66	121,906,000	53,248,000	59,761,000	234,915,000
67	126,705,000	54,133,000	58,972,000	239,810,000
	% of total	% of total	% of total	% of total
1961	50.71	20.53	28.76	100.00
62	49.60	21.97	28.43	100.00
63	51.40	21.36	27.24	100.00
64	51.90	22.03	26.07	100.00
65	51.31	22.25	26.44	100.00
66	51.89	22.67	25.44	100.00
67	52.44	22.57	24.59	100.00
		1961=100		
1961	100.0	100.0	100.0	100.0
62	103.4	113.1	104.5	105.7
63	109.2	112.1	102.1	107.7
64	115.1	120.7	102.0	112.5
65	128.3	137.4	116.6	126.8
66	138.0	148.9	119.3	134.9
67	143.5	151.4	117.7	137.7

The growing importance of retail advertising to daily newspapers can be attributed to three, and possibly four, factors. First, the distribution of a daily newspaper is concentrated within a fairly limited geographical area centered around the urban centre in which the newspaper is published. This distribution area is closely coincident with the markets served by retail chain and department stores. In terms of national advertising, newspapers do not really have any form of organization that corresponds closely to broadcast networks, which give regional or

national coverage. Newspapers owned as part of a group may be considered somewhat akin to networks, but in fact the similarities are small. Networks are unique in that a single production of both the advertising message and the accompanying programme material can be distributed on a regional or national basis.

Second, newspapers are still the medium best suited to providing the kind of advertising messages preferred by retailers. Retailers tend to depend upon information advertising, containing a good deal of information on product selection and prices. Such ads require more time to absorb than the ten-to sixty-second announcements available on television. Many consumers also prefer to have these ads on record for future reference, a facility not yet available through television.

The third factor is that most national advertising is done by producers who market one or a few products on a regional or national basis. Their interest is in using highly persuasive techniques to convince the consumer to pick their brand name off the store shelf. Television, with its ability to involve the viewer in life-like situations is much more effective at this than newspapers. Thus, television has a "natural" advantage over newspapers for certain types of advertising.

The fourth factor that could have some effect on the relative importance of retail advertising vis-à-vis national advertising is the relation of the rates for these two types of advertising. Rates for national advertising in daily newspapers are considerably higher than those for retail advertising.

Of the three types of daily newspaper advertising revenues, only classified has matched the overall growth rate of all advertising expenditures in the period 1961-1967. Total advertising expenditures over the period grew by 53.3 per cent, while classified ad revenues grew by 51.4 per cent. Retail advertising, on the other hand, grew by only 43.5 per cent, and national advertising grew by 17.7 per cent. These figures reflect clearly the effect of competing media, particularly television, on newspaper advertising revenues.

Fluctuations in Advertising Revenue

Advertising lineage undergoes considerable fluctuation from month to month within any given year. Table 63 indicates monthly advertising lineage, and these figures as a percentage of the annual total, and of the monthly average for thirteen daily newspapers in Canada in 1968.

Similar fluctuations in advertising lineage occur within any given week as well. The early part of the week tends to be the low lineage period, with a steady growth from Monday until Thursday. Thursday is the peak day, with a decline occurring on Friday and Saturday. The Thursday peak results from the emphasis on Thursday advertising by retail chain and department stores in anticipation of heavy weekend shopping. These weekly fluctuations also mean that publishers have considerable labour and equipment in excess of needs, particularly in the early part of the week. This problem is reduced somewhat through the advance preparation of advertising editorial and filler material, with as much as possible of this work channelled into the early parts of the week.

Table 63. Monthly Lineage for Thirteen Daily Newspapers* in 1968

Month	Lineage	1968 Total	1968 Monthly Average
	thousand lines	%	%
January	22,745,000	7.2	85.3
February	23,176,000	7.3	86.9
March	27,356,000	8.5	102.6
April	27,730,000	8.6	104.0
May	30,341,000	9.4	113.8
June	26,610,000	8.4	99.8
July	22,744,000	7.2	85.3
August	24,703,000	7.8	92.7
September	27,774,000	8.6	104.2
October	29,656,000	9.2	111.2
November	30,680,000	9.6	115.1
December	26,426,000	8.2	99.4
Total	319,941,000	100.0	

*Montreal: *Star, Gazette, La Presse;* Toronto: *Globe & Mail, Telegram, Star;* Calgary *Herald;* Hamilton *Spectator;* Kitchener-Waterloo *Record;* Lethbridge *Herald;* North Bay *Nugget;* Ottawa *Citizen;* Regina *Leader-Post.*

Source: Media Records Inc., New York Editor and Publisher, 1968, Monthly.

Weekly Newspapers[1] Advertising Revenue

The growth pattern of advertising revenue for weekly newspapers has been less stable than that of dailies. Weeklies participated fully in the advertising boom in the first half of the 1950s, but were strongly affected by the slowdown in growth of retail sales in the period 1956-57. In the period 1957-60, the growth of advertising revenues going to weeklies recovered somewhat, but again slowed to a very low rate in the period 1960-63. The difficulties in the period 1960-63 can be attributed to the influence of television on both revenue sources and circulation. (See Table 64.)

Table 64. Weekly Newspaper Advertising Revenue, 1961-1967

Year	Local	National	Total
		Dollars	
1961	18,535,000	5,156,000	23,692,000
62	19,346,000	5,562,000	24,908,000
63	19,215,000	5,664,000	24,879,000
64	20,539,000	5,717,000	26,256,000
65	23,323,000	6,143,000	29,466,000
66	25,569,000	7,524,000	33,093,000
67	34,557,000	8,381,000	42,937,000

[1] A weekly newspaper is here defined as any newspaper which publishes at least once per week, but fewer than five days per week.

Table 64. Weekly Newspaper Advertising Revenue, 1961-1967 (Cont'd.)

	% of total	% of total	% of total
1961	78.24	21.76	100.00
62	77.67	22.33	100.00
63	77.24	22.76	100.00
64	78.23	21.77	100.00
65	79.15	20.85	100.00
66	77.26	22.74	100.00
67	80.48	19.52	100.00
	1961=100		
1961	100.0	100.0	100.0
62	104.4	107.9	105.1
63	103.7	109.9	105.0
64	110.8	110.9	110.8
65	125.8	119.1	124.4
66	137.9	145.9	139.7
67	186.4	162.5	181.2

Source: Printing, Publishing and Allied Industries, D.B.S. 36-203 (Annual)

Since 1964, the rate of growth of advertising receipts of weeklies has far outstripped that of any other types of newspapers or periodicals. This can be seen by comparing the indices of advertising receipts for dailies and weeklies. In 1964, advertising receipts of dailies stood at 112.5 per cent of the 1961 level. The equivalent 1967 figure was 137.7 per cent of the 1961 level. Advertising receipts of weeklies, on the other hand, advanced from 110.8 per cent of the 1961 level in 1964 to 181.2 per cent in 1967.

The greatest part of the growth of revenue of weeklies is attributable to local retail advertising, although growth in national advertising has also been strong when compared with that of the dailies. National advertising accounts for approximately 20 per cent of the advertising receipts of weeklies. This phenomenal rate of growth of advertising receipts of weekly newspapers is a matter of some concern to daily newspapers. Much of the growth in receipts of weeklies would appear to be at the expense of dailies. Why is this so?

Four factors appear to contribute to the relative strength of weeklies

1 A growing preference of some retail advertisers for the selectivity of coverage provided by urban weeklies. Weeklies give more selective household coverage geographically than many of the larger dailies. If retail advertisers wish to promote items or specials that are restricted to a single shopping centre, the metropolitan daily becomes an expensive form of advertising. It gives coverage throughout the metropolitan and surrounding area, and advertising rates are set on this basis. Weeklies on the other hand, generally have a circulation restricted to a much smaller community; a community with boundaries more coincidental with those of individual community shopping areas.

2 Growth in circulation. The circulation growth of weeklies has been even greater than the growth in advertising revenues. Advertisers are primarily concerned with consumer coverage. Since weeklies can provide this coverage, they can draw the advertising dollars.

3 The development of cost-reducing centralization of the composing and printing operations. One of the most dominant cost factors in weekly newspapers has been the large unused capacity carried in composing and printing equipment. During the 1960s there has been a shift in many areas towards the use of a single centralized composing and printing plant by a number of weekly newspapers, thereby markedly reducing overhead costs for each individual newspaper. This development of centralized composing and printing has been as much the result of growing regional concentrations of population as any other factor. With a wide geographical dispersion of the population, weekly newspapers are likewise widely dispersed. Distance alone, with resulting time and transportation cost factors, prevents any significant centralization of operations. However, in areas around the larger metropolitan centres, the growth in population has provided an opportunity for new weeklies to develop and established ones to extend their circulation, leading to a recapitalization of the industry. With distances between circulation areas reduced, this recapitalization has in a number of cases taken the form of centralized composing and printing plants.

4 The application of new technology to reduce costs. Many weeklies are now printed by the offset process, which uses printing plates that are photographic negatives of the page to be printed. As a result, the pages of the paper can be "made up" through clipping and pasting copy onto sheets of paper the size of the page. This stage of the composition of the paper can be handled quite readily without the aid of the highly-skilled and highly-paid staff and costly equipment used for makeup with hot type. The development of offset printing has given renewed life to the "family newspaper" in which all of the publishing tasks can be handled by the publisher and his family in co-operation with a contract printer who does the actual composing and printing.

Daily Newspapers in the Weekly Newspaper Field

The foregoing discussion indicates two important facts that have not gone unnoticed by daily newspaper publishers in Canada. One is that weekly newspapers in many cases are, and in other cases have the potential to become, very profitable enterprises. The second is that weekly newspapers, particularly in large metropolitan areas, are beginning to pose a threat to the retail advertising receipts of daily newspapers and also their circulation.

The recognition of these facts has led to the development of a relatively new form of group-ownership of newspapers in Canada. This new form of group-ownership is characterized by publication of weeklies by the publishers of large dailies in areas where the two types of papers compete directly for advertising dollars. Four dailies in Canada are currently involved in this type of group ownership: The Kitchener-Waterloo *Record*, the Toronto *Telegram*, the Toronto *Star*, and Montreal *La Presse*. The weekly newspapers included in each of these groups are listed in Table 65. The most striking feature about the weeklies listed in the table is their concentration within the same retail trading area covered by the daily newspaper.

Table 65. Weekly Newspapers in which Major Metropolitan Dailies have Controlling Ownership

Daily	Weekly	Circulation of Weekly
Record		
(Kitchener-Waterloo)	*Signet* (Elmira)	1,821
	New Record (Fergus)	1,383
	Herald (Hespeler)	2,131 (Free)
	Independent (New Hamburg)	1,645
	Times (Preston)	5,948 (Free)
	Chronicle (Waterloo)	10,660 (Free)
Star		
(Toronto)	*Advertiser* (Lakeshore)	10,000
	Banner (Aurora)	5,143
	Gazette (Burlington)	9,085
	Mirror (Don Mills)	53,512
	Advertiser-Guardian (Etobicoke)	19,443
	Times (Mississauga)	13,202
	Liberal (Richmond Hill)	7,890
	Mirror (Scarborough)	37,922
	Times (Weston-York)	4,149
	Enterprise (Willowdale)	13,472
	News (Woodbridge and Vaughan)	3,010
Telegram		
(Toronto)	*Guardian* (Brampton/Bramalea)	12,000
	Post (Burlingon)	19,850 (Free)
	News (Mississauga)	24,119
	Era (Newmarket)	8,158
	Beaver (Oakville)	16,200 (Free)
	Tribune (Stouffville)	6,106
	News Advertiser (Ajax-Whitby)	11,000 (Free)

In many ways, the publishers within each of these groups are still undecided about how and to what extent the publication of weeklies should be integrated with the publication of the dailies to provide maximum advantage. Most publishers are watching developments in large cities in the United States, where a few suburban daily papers have had significant success. As a result, there has no doubt been some thought that some of these weeklies might some day be consolidated and developed into dailies.

On the other hand, many suburban dailies in the United States have suffered great financial problems. In addition, Toronto and Montreal differ from many larger American cities in that the "inner city" continues to grow as a residential area. The metropolitan area of the Canadian city remains much more of an integrated whole with strong common interests, making it much easier to maintain circulation for the metropolitan daily.

These publishers, for the present at least, seem content to build up local community circulation with the idea of publishing the paper on a weekly basis for some time into the future. They concentrate on major suburban shopping centres for advertising revenue, having concluded that advertising dollars can be mobilized

in these centres by local weeklies which the daily with total metropolitan coverage can not attract.

Neither the editorial nor the production activities of the dailies are currently integrated with those of the weeklies. On the composing and printing side, there appears to be no contemplation of integration. Very few cost economies would be realized by carrying out these activities in plants used to produce daily newspapers, given that the content of the papers is different. The costs involved in introducing special press runs for the weeklies would be greater than any savings in capital outlay. In fact, on the composing and printing side, integration has taken quite a different direction.

These groups are using modern offset plants to produce a number, and in some cases, all of the weekly papers in each respective group. This spreading of overhead costs has led to significant cost reductions for individual papers. A good example of this is the case of Inland Publishing Co. (printer of the Toronto *Telegram*) which has just completed construction of a modern new offset plant with a computerized photo composition unit. This plant is used to compose and print most of the weeklies published by Inland.

Chapter 3:

COSTS

NEWSPRINT

The largest single materials input to the production of newspapers is newsprint. Newsprint on the average accounts for about 50 per cent to 60 per cent of the total cost of materials and about 15 per cent to 20 per cent of the overall cost of production.

In Canada, only twenty-six firms classify newsprint production as their primary activity. In 1965, the six leading firms had a combined output of over five million tons or about 60 per cent of the industry's total output of 8.4 million tons. (See Table 66.)

Table 66: Newsprint Output of Six Major Producers

Corporation	Output 1965 tons
Canadian International Paper Co.	1,011,000
Abitibi Paper Co.	1,067,000
Crown Zellerbach Canada Ltd.	630,000
Consolidated Paper Corp. Ltd.	785,000
Price Co. Ltd.	795,000
MacMillan Bloedel Ltd.	903,000
	5,191,000

The pulp and paper industry, in terms of number of firms operating, is relatively competitive; for example, over thirty firms account for more than 80 per cent of the newsprint production, compared with only two to three firms accounting for 80 per cent of output in metal products, chemicals, and foods.

Price stabilization is of utmost importance because of the large investment in plant and equipment. Historically, the industry has successfully achieved price stability, despite general economic fluctuation. (See Table 67.)

Table 67. Average Canadian Newsprint Prices.

Year	$ American*	$ Canadian*
1955	126.00	126.00
56	130.00	125.00
57	133.00	129.00
58	134.00	129.00
59	134.00	127.00
60	134.00	132.00
61	134.00	136.00
62	134.00	143.00
63	134.00	145.00
64	134.00	145.00
65	134.00	145.00
66	136.92	148.00
67	140.50	152.00

*Delivered prices, New York

Source: Canadian Pulp & Paper Association, Reference Tables, 1968

As is characteristic of an oligopolistic industry, the newsprint industry practises "price leadership." Generally, the largest firm in a major region announces contract prices made with major publishers and these prices then prevail regionally throughout the industry. Contracts are for five to ten years, but only the quantity is fixed for the length of the contract. The price is usually negotiated every six to twelve months.

SUPPLY OF NEWSPRINT

Since newsprint is one of several products produced by the pulp and paper industry, individual companies have to achieve an optimum balance between newsprint production and other forest end-products. Supply is determined by the existing plant and equipment. Any additional requirements can be met in about two to five years; for it takes from two to three years to plan, finance, build, and equip a pulp-and-paper mill. Normally excess capacity exists within the industry. However, the extent of the excess capacity varies considerably due to the long gestation period before a new plant becomes operational. (See Table 68.)

Table 68. Capacity and Production of
Canadian Newsprint Industry, 1960 – 1967

Year	Capacity	Production	% of Capacity Used
	tons	tons	%
1960	7,611,000	6,739,000	88.5
61	7,734,000	7,735,000	87.1
62	7,844,000	6,691,000	85.3
63	8,055,000	6,630,000	82.3
64	8,274,000	7,301,000	88.2
65	8,421,000	7,720,000	91.7
66	8,878,000	8,419,000	94.8
67	9,336,000	8,100,000	86.8

Source: Newsprint Association of Canada, Newsprint Data: 1967

LABOUR AND LABOUR UNIONS

Within the printing and publishing industries there are seven major labour unions and nine employer associations. Table 69 gives the labour unions and their memberships for 1966 in Canada.

Table 69

Union	Membership
International Brotherhood of Bookbinders (IBB)	3,330
International Stereotypers and Electrotypers Union (ISEU)	725
American Newspaper Guild (ANG)	3,165
International Printing Pressmen and Associated Unions (IPP & AU)	8,888
International Typographical Union (ITU)	7,516
Lithographers and Photo-engravers International Union (LPIU)	
Amalgamated Lithographers of America International Photo-engravers Union	5,014
The Printing Union	5,290
Total	33,928

Management is represented in eastern Canada by the following:
Employing Printers Association,
Association des Maîtres Imprimeurs,
Council of Printing Industries and Canadian Lithographers Association;
and in Western Canada by
Calgary Graphic Arts Association,
Edmonton Graphic Arts Association,
Prairie Lithographers Association,
British Columbia Graphic Arts Association,
B.C. Photoengravers Association.

These associations negotiate for the member printing employers, and are made up primarily of the larger printing companies. They have a significant impact on labour relations in the industry.

Newspaper employers do not negotiate jointly, but have common force in the Canadian Daily Newspaper Publishers Association (C.D.N.P.A.), Canadian Weekly Newspapers Association, and the Periodical Press Association. C.D.N.P.A. has ninety-six member firms in Canada. C.D.N.P.A. does not bargain directly, but it reviews agreements and makes suggestions for general policy guidelines. Negotiations are conducted between the individual newspaper and the local of each union involved in the industry. Daily newspapers are well-unionized as sixty-four dailies have at least one department entered into a collective agreement.

Although the international printing unions have a marked influence in collective-bargaining practices, the actual negotiations are conducted between the individual newspaper and the locals. In Canada each union has a local in each city; each local will have an individual agreement with the various newspapers in the city, and another with local employers associations.

The mechanical crafts (typographers, pressmen, stereotypers) must have their agreements approved by their respective International. Most unions will have "general laws" established – that is, unilateral union policies which employers are presumed to uphold. When a local makes a new gain in a collective agreement, the international union passes a "general law" in which a subsequent contract cannot be signed by any local unless that specific provision is included.

This form of union unilateralism is a significant factor in these labour relations. For most unions "general laws" are not subject to negotiation or arbitration.

These "general laws" interfere with the fundamental principles of collective bargaining. In spite of employer opposition, these "laws" demonstrate a relatively strong bargaining power held by labour in the printing industry.

The union's influence on each of its locals varies. For instance, I.T.U. has a strong influence on its locals, whereas I.P.P. and A.U. gives no direction as to what each local should demand. On the other hand, L.P.T.U. does not have any "general laws," but relies heavily on contract conferences which prepare local leaders for future contract negotiations. Similarly, A.N.G. has no "general laws"; but, the local must have the approval of the International Executive Board (I.E.B.) before any agreement can be signed. The duty of collective bargaining is solely up to the local governing body. However, any negotiation of a national nature (e.g. press associations, feature syndicates) are handled by I.E.B. and then ratified by the local members of A.N.G.

The A.N.G. has been seeking a major goal of wage equality, for reporters, display advertising salesmen, and classified salesmen. This equality takes the form of a demand for "$200 or better" as a union slogan.

The printing industry has undergone significant technological changes in recent years. Now, unions are not so much concerned with wages and hours, but with job security. Automation is a major issue, and several unions have tried to solve their problem by bargaining for specific press manning, more liberal severance pay, early retirement to make jobs available for younger members, and a judicious timing of labour-saving innovations. Several unions have instituted their own training centres to adapt their manpower to the new technology.

There has been a tendency towards co-operative negotiations, especially in the mechanical crafts. This co-operation can be either between locals or with unions; generally, all international unions encourage co-operative bargaining. One exception to co-operative bargaining, in Canada, is the Canadian locals of the A.N.G.

On the management side, co-operative bargaining is a different matter. Differences in markets, labour cost structure, and productivity, have tended to prevent employers from presenting a collective front; any wage discrimination enjoyed by an employer is not going to be easily sacrificed in co-operative bargaining.

WAGES, SALARIES, AND HOURS

Blue-collar wages and salaries vary significantly throughout Canada. In Newfoundland, linotypers and pressmen receive $2.25 an hour in a forty-hour week whereas in Toronto, they receive $4.56 an hour in a $33^3/_4$-$37^1/_2$-hour week.

Table 70. Wages and Hours of Labour in 1967; Printing and Publishing – Daily Newspapers

Province	Hours	Average Wage Compositor, Hand Linotype	Pressman	Average Circulation	No. of Daily Newspapers
		Dollars			
Newfoundland					
St. John's	40	2.25	2.26	25,000	2
Nova Scotia					
Halifax	$37^1/_2$	3.54	3.54	117,000	1
New Brunswick					
Saint John	40	2.81	2.81	53,000	1
Quebec					
Montreal	35	4.25	4.28	180,000	4
Quebec	$37^1/_2$ – 40	3.17	3.21	60,000	2
Ontario					
Chatham	40	3.00	3.00	15,000	1
Thunder Bay............	$38^3/_4$ – 40	3.22	3.11	15,000	2
Hamilton	38 – 40	3.83	3.85	125,000	1
London	$37^1/_2$	3.89	3.89	122,000	1
Ottawa	$37^1/_2$	3.62	3.75	80,000	2
Toronto	$33^3/_4$ – $37^1/_2$	4.56	4.57	290,000	3
Windsor	$37^1/_2$	3.53	3.53	87,000	1
Manitoba					
Winnipeg	$37^1/_2$	3.34	3.07	100,000	2
Saskatchewan					
Regina	$37^1/_2$	3.07	3.07	60,000	1
Alberta					
Calgary	$37^1/_2$ – 40	3.30	3.30	70,000	2
Edmonton	40	2.84	–		
British Columbia					
Kamloops	40	3.28	3.28	9,000	1
Vancouver	35 – $37^1/_2$	3.85	3.87	150,000	2
Victoria	$37^1/_2$	3.74	3.74	35,000	2

Source: Economic and Research Branch, Canada Department of Manpower, Wages, Rates, Salaries and Hours of Labour.

There are two main characteristics of the wage structure as presented in Table 70. First, there is a very close correlation between the average wage in the industry

and the regional distribution of Canadian income. Newfoundland pressmen receive the lowest average wage, and southern Ontario and southern British Columbia pressmen earn the highest. Since each local bargains individually, wage rates will be set which reflect the regional income standards. The trend towards co-operative bargaining may reduce the disparity between regions.

Second, there is a significant correlation between the size (circulation) of a newspaper and the wage rate. Generally, newspapers with a circulation of between 10,000 and 50,000 pay, on the average, about $3.25 an hour; newspapers with a circulation of between 50,000 and 100,000, an average of $3.40 an hour; and newspapers with a circulation of over 100,000, an average of $3.90 an hour.

Table 71 shows the regional pattern of wages within the province of Ontario. Again, the correlation between wage rates and circulation is evident. For example, as of October 1, 1969, the Woodstock *Daily Sentinel-Review* pays a pressman a minimum of $134 for a forty-hour week, while the Toronto *Star* pays a pressman a minimum of $173 for a thirty-five-hour week. It can, however, be argued that large newspapers demand and obtain the most competent employees; and that large newspapers have, on average, a more experienced staff.

There is a dearth of information on white-collar workers. Since most white-collar workers, in the Canadian newspaper industry, do not belong to the A.N.G., published data on their salaries are not available.

MACHINERY AND EQUIPMENT

The Canadian market for machinery and equipment used in printing and allied industries is over $100 million annually, about one half consisting of machinery and equipment; and a large part of the remainder of printing plates and related goods.

In 1967, the total cost of materials, fuel, and electricity amounted to about $403 million; although paper accounted for much of this cost, machinery and equipment constituted an important element of total costs.

Due to the complexity of machinery and equipment used in the newspaper publishing industry, a detailed analysis is impossible. However, we will outline the nature of the supplying industries.

It is worthy of note that a significant part (about 90 per cent) of all machinery and equipment used by a newspaper is imported.

There are a number of different types of presses used in the printing and publishing industries. The letterpress is the most common type used by newspapers, but the offset press has become increasingly popular among smaller papers.

Nearly all printing presses are imported duty-free, for Canadian use. The Canadian market for most types of printing presses is not large enough to support economically viable domestic production. Any domestic production is highly specialized and largely for export. The Canadian factory shipments consist of "printing, bookbinding machinery," and goods other than printing presses. Most of the Canadian production of printing presses are of the business form printing press, produced by Ashton Press; Ashton Press exports well over half its output. With little exception, virtually all Canadian requirements are met by imports. Parts of

Table 71: Minimum Wage Scales for Selected Ontario Newspapers, 1967 – 71

Newspaper	Circulation	Union negotiating	Employees covered by contract	Wage scale: employee	Date	rate/wk.	hours/wk.
						$	hrs
Daily Sentinel – Review, (Woodstock)	10,229	I.P.P. and A.U. Brantford Local 195	pressmen	journeyman	Oct. 1/68	132.43	40
					Oct. 1/69	134.40	40
					Aug. 1/70	139.20	40
Standard (St. Catharines)	34,707	I.P.P. and A.U. Niagara Peninsula Local 425	pressmen	journeyman	April 1/68	146.00	35
Spectator (Hamilton)	127,195	I.P.P. and A.U. Hamilton Local 176	pressmen	journeyman	July 1/69	165.38	37½
					July 1/70	174.75	37½
Daily Times & Conservator (Brampton)	7,863	I.P.P. & A.U. Brampton Local 217	pressmen	journeyman	Sept. 1/67	120.00	40
					Jan. 1/68	124.00	40
					Sept. 1/68	130.00	40
					Apr. 1/69	136.00	40
Star (Toronto)	387,418	Toronto Newspaper Printing Press and Assistants Union No. 2	pressmen	journeyman	Jan. 1/68	166.00	35
					Jan. 1/69	173.00	35
					Jan. 1/70	182.00	35
Spectator (Hamilton)	127,195	Graphic Arts Union, Local 669	composing, mailroom	journeyman day	1968	162.20	40
					1969	175.20	40
					1970	183.20	40
				engraver journeyman	1968	173.20	40
					1969	183.20	40
					1970	191.20	40
Standard (St. Catharines)	34,707	I.T.U. Local 416	composing room	journeyman	1968	156.40	37½

Table 71. Minimum Wages Scale for Selected Ontario Newspapers, 1967–71 (Continued)

Newspaper	Circulation	Union negotiating	Employees covered by contract	Wage scale: employee	Date	rate/wk.	hours/wk.
						$	hrs
Globe & Mail, (Toronto)	255,733	Toronto Newspaper Guild, (A.N.G.) Local 87	circulation	clerk (3 yrs. experience)	July 1/68 Aug. 4/69 July 6/70	102.00 107.00 112.00	35 35 35
			editorial	editorial writer, senior Ottawa correspondent	July 1/68 Jan. 4/71	207.00 230.00	35 35
				columist, literary editor, Ottawa correspondents	July 1/68 Jan. 4/71	192.00 215.00	35 35
				assistant editors	July 1/68 Jan. 4/71	187.00 210.00	35 35
Times (Oshawa)	24,452	Toronto Newspaper Guild (A.N.G.) Local 87	editorial	wire editor (6 yrs. experience)	July 3/69 July 3/70 Jan. 3/71	139.20 147.60 151.20	40 40 40
				reporter, photographer (6 yrs. experience)	July 3/69 July 3/70 Jan. 3/71	133.40 141.45 144.90	40 40 40
			circulation	circulation representative (4 yrs. experience)	July 3/69 July 3/70 Jan. 3/71	87.00 92.25 94.50	40 40 40
Star (Toronto)	387,418	Toronto Newspaper Guild (A.N.G.) Local 87	circulation	clerk (3 yrs. experience)	Jan. 1/68 Jan. 1/69 Jan. 1/70	103.50 108.50 115.50	35 35 35

Star (Cont'd) (Toronto)	editorial	editorial writer, Ottawa Bureau Head,	Jan. 1/68	208.00	35
			Jan. 1/69	219.00	35
			Jan. 1/70	226.00	35
		columist, assistant editors	Jan. 1/68	186.00	35
			Jan. 1/69	197.00	35
			Jan. 1/70	206.00	35
		reporters, photographer (5 yrs. experience)	Jan. 1/68	166.00	35
			Jan. 1/69	177.00	35
			Jan. 1/70	187.00	35

printing presses are imported from the country of origin of the machines for which they are intended.

The Canadian plate-making and typesetting industry is composed of a large number of relatively small firms; and because of this, there is considerable diversity and specialization within the industry. The outstanding feature of this industry is the amount by which the materials used enhance in value by processing. For example, in 1966 the cost of materials was \$15.2 million; of fuel and electricity, and wages, \$28 million; value of shipments, \$58 million. Here is a great deal of highly-skilled labour input.

Table 72. Canadian Factory Shipments of Printing Plates, Moulds, Transfer and Trade Composition for 1965 and 1966

Year	Offset Printing Plates	Electrotyping Stereotyping Composition Plates	Photo-engraving	Trade Composition or type-setting
	Dollars			
1965	13,249,000	5,630,000	14,147,000	14,120,000
66	16,064,000	5,474,000	15,601,000	16,263,000

Imports supply only a small part of the market. Virtually all the plate making connected with the Canadian market is done in Canada. Canadian publishers purchase the plates that are used for Canadian advertisers. But, for advertising of American companies and their Canadian subsidiaries, plates are imported.

The market for types for printing is relatively small (\$500,000 – \$1,000,000 annually) because type-setters normally cast and compose type in a single operation. This would usually enter into the trade of printing plates, moulds, or transfers rather than type. There are about twelve companies in Canada which produce type from imported parts.

WIRE SERVICE

At present 103 of 116 Canadian daily newspapers are members of the Canadian Press Association. The association is a non-profit organization directed by newspaper executives from Canadian newspapers.

The major expense of a wire service is staffing. Each year a General Cost "defined as expenses of the corporation essential to national service from which all members benefit," is determined by an annual budget. Revenue from non-member sources is deducted, and the remaining cost is divided among all the member newspapers according to a formula.

The total assessment is divided among member cities on the basis of circulation as given in the formula $R=100(1/c)^{0.2863}$ – where R is the number of cost units per 1,000 circulation (c). Thus for a city of 50,000 circulation, there are 32.63 cost units per 1,000 circulation giving a total cost units for the city of 1,631.50. The value of a cost unit is determined annually by the Executive Committee of the Canadian Press.

The number of cost units remains the same from year to year, but the value of the cost unit may change from year to year due only to changes in either total circulation of member newspapers or total budget or both. The value of the cost unit (R) for any year is the total of cost units for CP cities divided into the year's budget total.

Where there are competing member newspapers in a city, 60 per cent of the city's assessment shall be borne equally by the papers and the remaining 40 per cent of cost divided according to circulation. Thus, increasing the number of newspapers in a city would reduce individual cost for the CP service. (The above formula does not apply to areas where there are English- and French-language newspapers in the same city; each is assessed as if they were the only newspapers in the city.)

Before 1963, General Cost was divided on the basis of population.

Table 73: General Cost, 1959-1969

Year	Assessment Roll of Canadian Press
	Dollars
1959	1,525,711
60	1,530,861
61	1,633,927
62	1,734,807
63	1,742,064
64	1,781,384
65	1,887,108
66	2,055,712
67	2,249,598
68	2,438,720
69	2,604,519

Source: Canadian Press

It is worthy of note, that the increase in the General Cost between 1959 and 1964 was 16.7 per cent and the increase between 1964 and 1969 was 46.2 per cent.

Special services of Canadian Press are not chargeable as part of the General Cost; these services are charged on a circulation basis. But, stock market quotations are provided on an equal-share basis, for competing newspapers.

DISTRIBUTION OF PRODUCTION COSTS

Table 74 provides data on expenditures by the printing and publishing industry by types of inputs from 1960 to 1966. The contribution of inputs produced outside the economic boundaries of the printing and publishing establishments themselves

Table 74. Distribution of Costs of Production, Printing and Publishing Industries, 1960 – 1966

Year	Newsprint Paper	Ink	Fuel And Electricity	Other Purchased Material And Supplies	Wages And Salaries	Gross Returns To Capital	Total Revenues
				Dollars			
1960	60,376,000	4,005,000	2,966,000	29,878,000	143,041,000	118,665,000	358,524,000
61	60,002,000	4,180,000	3,071,000	30,129,000	147,868,000	125,052,000	370,327,000
62	60,432,000	4,236,000	3,256,000	31,277,000	157,875,000	128,424,000	385,824,000
63	60,789,000	4,200,000	3,313,000	31,819,000	161,761,000	127,795,000	389,739,000
64	61,156,000	4,387,000	3,428,000	33,862,000	163,639,000	141,447,000	406,716,000
65	65,488,000	4,643,000	3,510,000	36,720,000	179,551,000	156,978,000	446,885,000
66	69,054,000	5,411,000	3,741,000	43,835,000	193,136,000	166,013,000	481,443,000
				% of Total			
1960	16.84	1.11	.82	8.33	39.89	33.09	100.0
61	16.20	1.12	.82	8.13	39.92	33.76	100.0
62	15.66	1.09	.84	8.10	40.91	33.28	100.0
63	15.59	1.07	.85	8.16	41.50	32.78	100.0
64	15.03	1.07	.84	8.32	40.23	34.77	100.0
65	14.65	1.03	.78	8.21	40.17	35.12	100.0
66	14.34	1.12	.77	9.10	40.11	34.48	100.0
				1960=100			
1960	100.0	100.0	100.0	100.0	100.0	100.0	100.0
61	99.4	104.4	103.5	100.8	103.4	105.4	103.3
62	100.1	105.8	109.8	104.7	110.4	108.2	107.6
63	100.7	104.9	111.7	106.5	113.1	107.7	108.7
64	102.3	109.5	115.6	113.3	114.4	119.2	113.4
65	108.5	115.9	118.3	122.9	125.5	132.3	124.6
66	114.4	135.1	126.1	146.7	135.0	139.9	134.3

Source: Printing, Publishing and Allied Industries, D.B.S., 36-203 (Annual)

are contained in the first four columns, classified under newsprint paper, ink, fuel and electricity, and other purchased materials and supplies. Wages, salaries, and gross returns to capital (capital consumption, interest, and profit) make up the remainder of the total revenues received by the establishments. This latter group makes up returns to resources specific to the industry itself, and as such are considered to make up the value added to the final product by the industry.

The first factor to be noted is that goods and services purchased from other industries generally make up from 25 per cent to 27 per cent of the total output of the industry. This makes the industry as a whole relatively immune to changing conditions in the industries that supply it with inputs. For instance, a 5 per cent rise in the prices of all inputs used by the industry would increase total costs for the industry as a whole by only slightly over 1 per cent. This is a situation considerably different from that in a number of other industries, many of which have 50 per cent and over of their costs accounted for by goods and services produced externally. Nevertheless, care must be taken in applying this overall conclusion specifically to individual firms in the industry. Generally, the importance of purchased inputs increases significantly with the size of firm, with some of the large daily newspapers having up to 50 per cent of their costs accounted for by newsprint alone.

Turning to newsprint, it can be seen that newsprint expenditures have been falling, as a proportion of total costs, through the time period covered. In 1960, newsprint accounted for 16.84 per cent of total costs to the industry; in 1966, it represented 14.34 per cent of total costs. This fall comes about because expenditures have risen more slowly over the period on newsprint than for any other input. From 1960 to 1965, expenditures on newsprint rose only 8.5 per cent. A large jump in 1966 resulted in an increase of 14.4 per cent over the whole period. The most significant contributing factor to this jump in 1966 was the sharp advance in newsprint prices in that year.

Ink makes up a very small proportion of total costs, being only slightly over 1 per cent in each of the years considered. As a result, even though expenditures on ink rose by 35.1 per cent over the period, changes in ink's cost generally have little effect on the economic health of the industry as a whole. Fuel and electricity are likewise relatively unimportant, and have been declining in importance as a result of an advance in expenditures of only 26.1 per cent over the period, the lowest percentage advance for any input group other than newsprint paper.

Expenditures on other materials and supplies have increased in relative importance through time, because expenditures on this group have increased by 46.7 per cent over the period considered. This group is made up of a "mixed bag" of items, and as such it is difficult to identify any particular item as the reason for this advance.

Expenditures on wages and salaries constitute by far the largest proportion of total costs compared to any other individual input. Labour's share of costs has remained relatively stable over the period, with the advance in expenditures on labour being approximately equal to the advance in total revenues.

Capital's share increased over the period, moving from approximately 33 per cent of total revenue in 1960 to 34.5 per cent in 1966. Since this figure is the gross

capital return, this advance can be attributed to either a relative increase in capital costs reflected in increased capital consumption, or to a relative increase in net profit over the period. Given the fluctuations in the gross share going to capital over the period, the change appears to be attributable most directly to an increase in profitability. Changes in capital costs themselves would be expected to show more stability than is indicated in these figures.

EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table 75 contains the results of calculations pertaining to employment, wages, and productivity for print and publishing establishments, The first section indicates annual trends from 1961 to 1967. The data here pertain to employees involved in production while the data in the second pertain to employees engaged in administrative, circulation, advertising sales, and editorial offices.

Average wages per hour increased from $2.40 in 1961 to $3.04 in 1967, amounting to a 27 per cent increase over the period. The 1967 figure of $3.04 per hour placed employees in this group among the highest paid production employees in Canada. Table 76 lists earnings per hour in 1967 for a selected group of industries.

The only employees in the industrial classifications used by D.B.S. earning in excess of $3.04 were those in the petroleum and coal industries who earned $3.38 per hour.

Average annual wages among the administrative, sales, and distribution employees were slightly above the average annual wages of the production workers in 1967. Over the period as a whole, annual wages of each increased about equally; 26.7 per cent for production workers and 26.3 per cent for administrative, sales and distribution employees. Within the period, however, the latter group lagged behind the former in wage advances, catching up only with a large jump in 1967. In each year before 1967, the index of wages for administrative, sales, and distribution employees lagged considerably behind that of production employees. This phenomenon reflects the strong bargaining position of unions on the production side, particularly in composing, stereotype and printing press departments.

Value-added-per-employee increased 31.5 per cent over the period. This was 5 per cent more than the advances in salaries and wages. Wage advances among both groups of workers lagged behind output (value added) increases, but the lags were most significant for administrative, sales and distribution employees. The fact that wage advances were less than output-per-employee increases suggests that wage-push inflationary pressures were not a dominant factor in the period under consideration.

Wage-push inflation comes about as a result of labourers using their bargaining power to gain advances in wages greater than gains in the productivity. When this occurs, entrepreneurs must either accept a declining gross return to capital, or raise prices, (in this case advertising and/or circulation rates), in order to obtain the extra financial means needed to meet the larger wage settlements.

The foregoing data suggest that the demands for the products of this industry have been sufficiently vigorous to permit rates and prices to be set so as to more than compensate for advances in wages and salaries. Annual increases in value

Table 75. Employment, Wages and Productivity, 1961 – 1967

	Production Employees						Administration, Office, Sales and Distribution Employees				All Employees		
Year	No. of Employees	No. of Hours Worked	Annual Total Wages	Annual Wages Per Employee	Average Wages Per Hour	Index of Wages Per Hour 1961 = 100	No. of Employees	Annual Total Wages & Salaries	Annual Wages Per Employee	Index of Wages Per Year	Value Added	Value Added Per Employee*	Index of Productivity Per Employee* (1961 = 100)
			Dollars					Dollars				Dollars	
1961	15,715	30,805,000	73,895,000	4,702	2.40	100.00	16,289	78,531,000	4,821	100.0	272,036,000	8,500	100.0
62	15,482	31,125,000	77,520,000	5,007	2.49	103.75	16,627	80,355,000	4,833	100.2	286,299,000	8,916	104.9
63	15,400	30,705,000	78,232,000	5,080	2.55	106.25	16,638	83,529,000	5,020	104.1	289,556,000	9,038	106.3
64	15,024	30,154,000	79,270,000	5,276	2.63	109.58	16,755	84,369,000	5,035	104.4	305,086,000	9,600	112.9
65	15,387	30,869,000	85,250,000	5,540	2.76	115.00	17,767	94,301,000	5,308	110.1	336,529,000	10,150	119.4
66	15,510	31,088,000	89,975,000	5,801	2.89	120.42	18,316	103,262,000	5,632	116.8	359,149,000	10,618	124.9
67	15,900	31,672,000	96,217,000	6,051	3.04	126.67	18,153	110,513,000	6,088	126.3	380,753,000	11,181	131.5

*Value added per employee is the measure of productivity; value added is defined as the difference between operating revenue and the cost of purchased inputs.

Table 76: Average Hourly Earnings in Selected Industries, 1967

Industry	Average Hourly Earnings
	Dollars
Textile Products	1.89
Furniture & Fixtures	1.91
Primary Metal	2.54
Electrical Products	2.33
Petroleum & Coal	3.38
Chemicals	2.60
Food & Beverages	2.12

added per employee were generally equal to, or greater than, increases in wages and salaries. As a consequence, gross returns to capital increased over the period as a whole. This suggests that conditions of demand had a greater influence than employment costs in the determination of rates and prices.

An increase in the share of returns going to capital does not always indicate the presence of demand-induced inflation. If the shifts in returns are evident over a fairly long period of time in terms of a clearly distinguishable trend, this can indicate a shift in the capital intensity, (that is, capital to labour ratios) in the industry. However, significant year-to-year shifts in capital's share within a fairly short time do not usually reflect any real changes in capital intensity.

CONCENTRATION BY SIZE OF FIRM

Table 77 shows the results of measures used to establish the degree of economic concentration in the industry under consideration. The data are for 1966, since this is the last year for which data are available in the necessary amount of detail. Concentration is considered on the basis of producing establishments. These charts and tables say nothing about concentration of ownership. Establishments with revenue of less than $25,000 per year have been omitted, since these establishments tend to be generally owner-operated, making it difficult to establish relevant data on employees.

The two smallest groups of establishments make up over one half of the total number of establishments but account for only 3.4 per cent of the total revenue, and 5.9 per cent of the total employment for all establishments. On the other hand establishments with revenue of over $5 million per year account for only 4.0 per cent of the establishments, but account for 63.7 per cent of total revenues and 53.5 per cent of total employment. The two largest size groups, making up 12.8 per cent of the total establishments, account for 76.3 per cent of total employment and 84.4 per cent of total revenues.

Table 77. Printing and Publishing Industry*
Distribution of Employees and Revenue
By Revenue Groups, 1966

Size Group Based on Revenue Per Establishment	Distribution of Establishments		Distribution of Employees		Distribution of Revenue	
	No.	% of Total	No.	% of Total	Value	% of Total
		%		%	$	%
$25,000 to $49,999	138	25.3	586	1.7	4,869,000	1.0
$50,000 to $99,999	155	28.4	1,394	4.2	11,340,000	2.4
$100,000 to $199,999	86	15.8	1,334	4.0	12,097,000	2.5
$200,000 to $499,999	57	10.5	2,028	6.0	18,312,000	3.8
$500,000 to $999,999	39	7.2	2,623	7.8	28,092,000	5.9
$1,000,000 to $4,999,999	48	8.8	7,635	22.8	99,222.000	20.7
$5,000,000 to $4,999,999	22	4.0	17,956	53.5	305,334,000	63.7
Total	545	100%	33,556	100%	479,266,000	100%

*Excluding establishments with revenue of less than $25,000 per year

Source: D.B.S.

These results are not unexpected given the wide differences in annual circulation of publications of establishments in this group. Nevertheless, it does point out the degree to which such circulation discrepancies do give rise to differences in employment and revenue. It also points out that the revenue-generating ability per employee increases as firms become larger, since the discrepancies in distribution of revenues between size groups are greater than the discrepancies in distribution of employment.

WAGES AND PRODUCTIVITY BY SIZE OF FIRM

Table 78 indicates the results of a study of wages and productivity by size of establishment. The establishments included are the same as those used to study the degree of economic concentration above. Size is determined on the basis of total revenues from printing and publishing for each establishment. The data are for the year 1966, the latest year for which data are available in the necessary detail.

The first factor to consider is the large disparity in wages between the smallest and the largest firms. Wages per hour among production workers range from $1.75 among the smallest firms to $3.48 among the largest firms. The latter figure is almost twice the former, as indicated by the index of wages per hour. Among administration, sales, and distribution employees almost the same disparity in wages exists. The annual wages of those in the largest plants are almost twice of those in the smallest plant. It is also to be noted that for both groups of employees, average wages for each size group are without exception higher than those for the next smaller group.

Turning to the labour productivity index (measuring relative differences in the value of product per employee), we find an even greater discrepancy than that for wages. Productivity per employee for plants in the largest size group is more than double that of plants in the smallest size group. Again, labour productivity increases in all cases as one moves from any size group to the next largest size group.

The explanation for these great discrepancies in labour productivity between different sizes of establishments can only be tentatively set out at this point. The hypothesis will be examined in more detail at a later point.

Assuming that wages are a fair measure of the share of the total product generated by the activities of labour, one factor contributing to the great discrepancies in productivity per employee between small and large firms is the superior productive capacity of labour. However this in itself does not go far enough, since the labour productivity index ranges from 100.0 to 206.3 over the size groups considered, while the wages indices range from 100.0 to slightly less than 200.

The remaining discrepancy in productivity per employee must reflect either a greater capital intensity among the larger firms, or larger profits among the larger firms. While there is no means of ascertaining from these data which of these is the more correct, there is no doubt a combination of these factors in force. Data examined in other parts of this study indicate that higher profits probably are the stronger of these two forces.

Table 78. Employment, Wages and Productivity, by Size of Total Sales, 1966

Production Employees

Size Group	No. of Employees	No. of Hours Worked	Annual Total Wages	Annual Wages Per Employee	Average Wages Per Hour	Index of Wages Per Hour
$		$	$	$	$	
25,000 to 49,999	415	848,000	1,485,000	3,578	1.75	100.0
50,000 to 99,999	888	1,812,000	3,436,000	3,869	1.90	108.6
100,000 to 199,999	816	1,678,000	3,461,000	4,241	2.06	117.7
200,000 to 499,999	1,078	2,244,000	4,912,000	4,557	2.19	125.1
500,000 to 999,999	1,347	2,747,000	6,586,000	4,889	2.40	137.1
1,000,000 to 4,999,999	3,723	7,435,000	20,717,000	5,564	2.79	159.4
5,000,000 and over	7,124	14,089,000	48,993,000	6,877	3.48	198.9

	Office, Administration, Sales and Distribution Employees				All Employees		
Size Group	No. of Employees	Annual Total Wages & Salaries	Annual Wages Per Employee	Index of Wages Per Year	Value Added	Value Added Per Employee	Labour* Productivity Index
$		$	$		$	$	
25,000 to 49,999	171	541,000	3,164	100.0	3,668,000	6,000	100.0
50,000 to 99,999	506	1,959,000	3,872	122.4	8,624,000	6,187	103.1
100,000 to 199,999	518	2,334,000	4,506	142.4	9,157,000	6,864	114.4
200,000 to 499,999	950	4,123,000	4,340	137.2	14,834,000	7,315	121.9
500,000 to 999,999	1,276	5,932,000	4,649	146.9	21,521,000	8,205	136.8
1,000,000 to 4,999,999	3,912	19,990,000	5,110	161.5	77,537,000	10,155	169.3
5,000,000 and over	10,823	67,102,000	6,200	196.0	222,273,000	12,379	206.3

*Labour productivity measured as the value added per employee

Source: Printing, Publishing and Allied Industries, D.B.S. 36-203 (Annual)

What explains the much greater productive capacity of labour and the greater profitability of capital among successively larger establishments in the industry? The hypothesis advanced at this point is that this industry is one characterized by tremendous economies of large-scale production. These kinds of economies of scale are generally found only among those type of industries generally classified as "natural monopolies."

Consequently, the results produced in this section set the stage for determining an answer to one of the important concerns about the publishing industries. If publishing, and newspaper publishing in particular, is a natural monopoly industry, an important reason can be advanced for the paucity of cities in Canada having more than one daily newspaper. The sections of this study concentrating on daily newspapers will delve more deeply into the question of economies of scale, and the nature and characteristics of these economies. An attempt will be made to answer, with some certainty, the question of whether newspaper and periodical industries are "natural monopolies."

WAGES AND PRODUCTIVITY BY REGION

Table 79 contains the types of calculations already undertaken on a time-series and size-of-establishment basis, but broken down by regions. Again the data are for 1966, permitting comparisons with the previous tables.

A considerable range exists in the levels of wages and salaries on a provincial basis. Among production workers in 1966, only those in Quebec, Ontario, and British Columbia earned, on the average, wages above the national average. Average wages in the Maritime Region and the Prairie Region were below the national average in every province for which data are available. The Maritimes was the most depressed region in this respect, with average wages in Nova Scotia being 77.5 per cent of the national average and average wages in New Brunswick being only 72.0 per cent of the national average.

A very similar pattern exists as regards administration, office, sales, and distribution employees, except that averages in British Columbia were also below the national average in 1966. Ontario and Quebec, again, had the highest average, with Saskatchewan replacing New Brunswick as the province in which average wages were lowest.

There is a very close relationship between wages and the productivity index, indicating the role of productivity in determining the pattern of regional wage discrepancies. These productivity differences may partially reflect economies of scale, since the provinces with the largest populations also are the provinces having the highest productivity.

Another factor contributing to the regional disparity in wages in this industry is the over-all regional disparity in wages found in all industries. Other wage rates contribute to the wages which must be paid in an industry if it is to attract the required number of employees.

Table 79. Employment, Wages and Productivity by Region, 1966*

Region	Production Employees						Administration. Office, Sales and Distribution Employees				All Employees		
	No. of Employees	No. of Hours Worked	Annual Total Wages	Annual Wages Per Employee	Averages Wages Per Hour	Index of Wages Per Hour Per = 100	No. of Employees	Annual Total Wages & Salaries	Annual Wages Per Employee	Index of Wages Per Year (Canada = 100	Value Added	Value Added Per Employee	Index of Productivity Per Employee (Canada = 100
			Dollars					Dollars			Dollars		
Nova Scotia	492	1,026,000	2,300,000	4,674	2.24	77.5	567	2,373,000	4,185	74.3	9,309,000	8,790	82.8
New Brunswick . . .	339	748,000	1,580,000	4,661	2.08	72.0	323	1,498,000	4,638	82.4	5,517,000	8,334	78.5
Quebec	3,759	7,608,000	23,815,000	6,335	3.13	108.3	3,702	22,501,000	6,078	107.9	85,073,000	11,402	107.4
Ontario	6,888	13,575,000	40,557,000	5,888	2.99	103.5	9,421	56,140,000	5,959	105.8	173,466,000	10,636	100.2
Manitoba	894	1,844,000	4,559,000	5,100	2.47	85.5	1,026	4,262,000	4,154	73.8	17,385,000	9,055	85.3
Saskatchewan	653	1,320,000	3,037,000	4,651	2.30	79.6	482	2,186,000	4,535	80.5	10,082,000	8,883	83.7
Alberta	938	1,934,000	4,922,000	5,247	2.55	88.2	848	3,811,000	4,494	79.8	19,687,000	11,023	103.8
British Columbia . . .	1,315	2,546,000	8,269,000	6,288	3.25	112.5	1,680	9,397,000	5,593	99.3	34,798,000	11,619	109.4
Canada Total	15,510	31,088,000	89,975,000	5,801	2.89	100.0	18,316	103,161,000	5,632	100.0	359,149,000	10,618	100.0

*Individual for Newfoundland and Prince Edward Island are not shown separately but are included in "Canada Total". Source: D.B.S.

Source: D.B.S.

RELATIONSHIP BETWEEN EARNINGS OF PRODUCTION AND OTHER EMPLOYEES

A comparison between average wages of production workers and average wages and salaries of administrative, office, sales, and distribution employees indicates that, almost without exception, the average earnings of the former are equal to or greater than the average earnings of the latter.

In the period 1961-67, the growth in earnings of office workers lagged behind that in the earnings of production workers in each year except 1967. Likewise they were at a lower level in each year except 1961 and 1967, and in these latter years, the differences were marginal. Compared on the basis of size groups, office employees had lower earnings in all but two groups. A similar pattern can be found in the regional comparisons.

These results give rise to some questions that are further investigated in another section of this report. Given the role of the media in informing and educating, one must wonder why the salaries for the group containing the editorial and administrative employees are no higher than for the production workers. While some will certainly agree that this is fair on the basis of equity, the question here is how newspapers and periodicals can draw and keep highly-trained, professional people with such a salary structure.

These figures cannot be used to say anything definite about the salaries of professional employees, since they contain earnings of others as well. However, while the figures on office and administrative employees include clerical and other help of this nature, the figures on production workers also contain lower-skilled help in those departments. The figures do, then, offer some suggestions regarding relative earnings in the industry.

Chapter 4:

PROFITABILITY

INTRODUCTION

The tables in this chapter contain financial and profitability results for corporations in Canada engaged in daily newspaper publishing. The original aggregated data were extracted and aggregated for this study by the Corporations and Labour Unions Returns Act Administration of D.B.S. from income tax returns filed with the Department of National Revenue.

Not all daily newspaper publishing companies in Canada are included in these tables. Problems arose with respect to identifying all of the relevant corporations within the taxation records in the limited time available to extract and aggregate the data. Nevertheless the aggregated data are reasonably complete, with only a limited number of smaller corporations, and some holding companies, not included. The aggregated data have been compiled according to standard accounting practices, using year-end balance sheets and profit-and-loss statements. The balance sheets contain a breakdown of assets and liabilities, while the profit-and-loss statements contain a breakdown of income, expenses, and net profit.

All assets are stated at book value. No adjustment is made in these values to take account of goodwill or other related intangibles.

All assets are matched by corresponding liabilities and equity. Capital values represent purchasing power which someone has agreed to hold in the form of capital assets, rather than utilizing it for consumption. These capital values are assigned to physical inputs, such as land, buildings, equipment, and inventories; and financial inputs such as cash, securities, and accounts receivable. The purchasing power that provides a firm with the ability to retain these capital inputs comes from four main sources: accounts payable, outside debt, share capital, and retained earnings.

Equity capital is purchasing power provided by shareholders. Since retained earnings (plus any other surplus) consist of deferred individual payments, retained earnings, other surplus, and share capital make up the total of equity capital.

The identification of equity capital is important in determining profitability rates. In determining the profitability of an enterprise as it pertains to the owners, the relevant measure is the return on equity after obligations to liabilities have been met. Obligations to liabilities are met in terms of interest payments. Consequently,

the most relevant measure of profitability, in terms of the owners of an enterprise, is profit, after interest payments have been made, as a percentage of total equity. In order to arrive at a measure of the profit actually received by the owners, a further deduction must be made to take account of income tax payments.

In terms of resource allocation within the economy as a whole, a slightly different concept is applied. From the viewpoint of obtaining an optimum use of resources, the rate of return on all assets is the relevant concept. The profit figure used in arriving at this rate is net profit, including interest payments and income tax payments.

This discussion indicates that there are three relevant net profit figures:

Net Profit A = net profit, excluding interest and income tax payments as expenses.
Net Profit B = net profit, including interest payments, but excluding income tax payments as an expenses.
Net Profit C = net profit, including interest and income tax payments as expenses.

ASSETS, LIABILITIES, AND EQUITY

Tables 80 and 81 contain data on the distribution and trends in assets, liabilities, and equity for all of the companies for which data were available. Most of the results found in these tables are self-explanatory. A couple of factors do deserve special attention, however.

First, there has been a sharp increase in assets in the form of investment in affiliates. Investment in affiliates represented 10.6 per cent of total assets in 1958 compared to 17.8 per cent in 1967. This asset figure grew by 183 per cent over the ten-year period, while all other assets grew by considerably less than 100 per cent over the same period. The continued growth in this asset figure is explained by a continuous trend toward both group ownership and ownership interests in enterprises other than newspaper publishing.

Second, retained earnings constitute the largest single item in terms of liabilities and equity. Retained earnings in recent years have been greater than total liabilities in absolute terms, and have grown at a much faster rate than any individual type of liability, and than liabilities in total. Total liabilities grew by 34.7 per cent over the ten-year period, while retained earnings grew by 101.5 per cent. Only common and preferred shares had a growth rate in the same range as retained earnings, but this was largely explainable by major share issues by single large companies in 1965 and 1967. Share capital also makes up a much smaller proportion of total liabilities and equity than retained earnings. Retained earnings now make up approximately 45 per cent of total equity and liabilities.

Table 80. Asset Distribution as a Proportion of Total Assets Corporations Publishing Daily Newspapers, 1958 – 1967

Year	Cash & Securities as a % of Total Assets	Accounts Receivable as a % of Total Assets	Inventories as a % of Total Assets	Current Assets as a % of Total Assets	Land as a % of Total Assets	Net – Buildings and Equipment as a % of Total Assets	Investment in Affiliates as a % of Total Assets	Other Assets as a % of Total Assets (Residue)
1958	14.3	11.8	4.5	32.4	6.1	39.8	10.6	11.1
59	13.9	11.8	3.9	31.5	5.7	39.8	12.7	10.3
60	14.6	12.0	3.9	31.6	6.2	40.4	12.2	9.6
61	13.9	11.9	3.7	30.8	6.3	38.2	15.4	9.3
62	14.9	12.0	3.4	31.4	6.5	38.5	14.8	8.8
63	14.9	11.8	3.0	31.2	6.3	39.8	15.1	7.6
64	15.1	11.5	3.9	28.9	6.6	42.1	14.2	8.2
65	12.4	12.2	3.5	29.1	6.0	40.6	17.3	7.0
66	10.9	12.8	3.7	28.6	6.2	40.8	17.1	7.3
67	16.0	12.7	3.1	33.2	5.8	38.0	17.8	5.2

Source: D.B.S.

Table 81. Liabilities Distribution as a Proportion of Total Liabilities and Equity, Corporations Publishing Daily Newspapers, 1958 – 1967

Year	Bank & Short Term Loans as a % of Total Liabilities and Equity	Accounts Payable as a % of Total Liabilities and Equity	Current Liabilities as a % of Total Liabilities and Equity	Long Term Debt as a % of Total Liabilities and Equity	Total Liabilities as a % of Total Liabilities and Equity	Common Shares as a % of Total Liabilities and Equity	Preferred Shares as a % of Total Liabilities and Equity	Retained Earnings as a % of Total Liabilities and Equity	Equity as a % of Total Liabilities and Equity
1958	4.5	7.2	17.8	24.8	46.5	6.7	5.1	37.0	53.4
59	5.1	7.4	19.5	22.5	45.8	6.2	4.7	39.0	54.2
60	2.8	6.5	15.3	25.4	45.8	5.9	4.5	39.4	54.2
61	4.0	6.2	16.3	23.3	44.0	5.7	4.5	41.8	56.0
62	3.9	6.3	16.9	22.6	42.6	5.7	4.3	43.4	57.3
63	4.6	7.2	18.3	21.7	43.4	5.4	3.7	43.8	56.6
64	3.8	8.1	18.4	21.3	45.3	5.3	2.7	43.2	54.7
65	3.7	8.0	17.6	18.3	41.4	8.6	2.0	44.5	58.6
66	3.2	8.3	17.6	17.0	41.2	8.6	1.9	45.1	58.8
67	2.3	7.8	15.9	14.2	37.3	8.8	6.1	44.4	62.7

Source: D.B.S.

Retained earnings represent capital to which individual corporations have privileged access. This capital is generated internally from profits, and thus does not move through the competitive capital markets. The corporate decision makers decide what portion of the profits they shall make available for the company's use from this source. In addition, personal income tax is not paid immediately on the income from which such earnings come.

The internal generation of capital funds is most significant in terms of its effects on the structure of the industry. A high degree of internal generation of capital tends to result in an industry that expands from within the established corporate structure, rather than through new capital from outside. Retained earnings built up by firms established in the industry require profitable opportunities for utilization.

Any firm has only so much room to expand capacity of its existing plants, due to constraints imposed by the rate of growth of its market. After this growth has been taken care of by investment in plant and equipment, any additional retained earnings require alternative forms of investment if they are to be profitably utilized. An attractive alternative for any company is to use such funds to purchase other firms already established in the industry. Thus, a high level of retained earnings in an industry tends to contribute to a concentration of ownership of establishments into the hands of fewer and fewer large corporations.

One of the main factors contributing to the high level of retained earnings is a feature of the income tax system that gives high-income shareholders a tax deferment on their share of profits which are retained in the corporation. Shareholders currently get a tax credit on dividends to make an allowance for tax already paid on corporation profits. However, any shareholder with a marginal rate of tax slightly in excess of 40 per cent can obtain a tax deferment by leaving earnings in the corporation in the form of retained earnings.

Such retained earnings are reflected in the market value of the shares of a corporation. Since a corporation has an indefinite life span, this capitalization of retained earnings in terms of market values of shares is not generally discounted by the amount of the deferred tax. Because of the indefinite deferment, the discounted present value of the tax owing in the future approaches zero. As a results, it is often to the advantage of a high-income shareholder to have a large proportion of his earnings in the company in the form of retained earnings.

The data found in Table 81 probably tend to underestimate the contribution that retained earnings make to the capital structure of this industry. This arises from the fact that the data do not include holding companies, which may have acquired share capital in their subsidiaries from earnings which they have received as dividends from these subsidiaries.

PROFITABILITY OF CORPORATIONS PUBLISHING DAILY NEWSPAPERS.

Tables 82 to 86 contain aggregated data on the profitability of corporations publishing daily newspapers in Canada. Table 82 contains data for all corporations in Canada for which the data could be extracted. The remaining tables contain data for selected corporations categorized according to size, type of ownership, and region.

Table 82. Corporations Publishing Daily Newspapers

Year	Total Assets	Equity	Net Profit A*	Net Profit A as a Per Cent of Total Assets	Net Profit B*	Net Profit B as a Per Cent of Equity	Net Profit C*	Net Profit C as as a Per Cent of Equity	Total Revenue	Net Profit A as a Per cent of Total Revenue
		Dollars		Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
1958 . .	183,142,000	97,924,000	26,542,000	14.5	24,083,000	24.6	13,073,000	13.3	224,413,000	11.8
59 . .	199,424,000	108,113,000	34,052,000	17.1	31,067,000	28.7	16,966,000	15.7	250,266,000	13.6
60 . .	208,028,000	112,803,000	31,943,000	15.3	28,546,000	25.3	14,557,000	12.9	259,847,000	12.2
61 . .	218,339,000	122,269,000	32,548,000	14.9	28,965,000	23.7	15,096,000	12.3	263,119,000	12.3
62 . .	222,973,000	127,879,000	35,954,000	16.1	32,345,000	25.3	17,182,000	13.4	272,520,000	13.1
63 . .	233,605,000	132,255,000	34,607,000	14.8	30,945,000	23.4	16,589,000	12.5	278,539,000	12.4
64 . .	240,795,000	131,698,000	39,147,000	16.3	35,484,000	26.9	18,379,000	13.9	288,438,000	13.5
65 . .	273,325,000	160,180,000	52,523,000	19.2	48,816,000	30.5	28,043,000	17.5	335,276,000	15.6
66 . .	292,058,000	171,791,000	50,981,000	17.4	47,293,000	27.5	24,537,000	14.3	348,468,000	14.6
67 . .	307,740,000	192,931,000	53,070,000	17.2	49,435,000	25.6	25,874,000	13.4	383,463,000	13.8

*Net Profit A = Net Profit Before Interest and Income Tax Payments
*Net Profit B = Net Profit Before Income Tax Payments
*Net Profit C = Net Profit After Income Tax Payments

Source: D.B.S.

Table 83. Selected Corporations Publishing Daily Newspapers by Circulation Size-Group, 1958 – 1967

Circulation Size Group	Total Assets	Equity	Net Profit A	Net Profit A as a Per Cent of Total Assets	Net Profit B	Net Profit B as a Per Cent of Equity	Net Profit C	Net Profit C as a Per Cent of Equity	Total Revenue	Net Profit A as a Per Cent of Total Revenue
	Dollars			Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
Over 100,000										
1958	104,863,000	46,986,000	12,259,000	11.7	10,759,000	22.9	5,865,000	12.5	131,537,000	9.3
59	113,756,000	52,132,000	17,438,000	15.3	15,378,000	29.5	8,705,000	16.7	150,468,000	11.6
60	114,139,000	53,073,000	14,544,000	12.7	12,116,000	22.8	6,022,000	11.3	154,190,000	9.4
61	119,319,000	56,388,000	14,780,000	12.4	12,273,000	21.8	6,355,000	11.3	156,500,000	9.4
62	122,096,000	57,953,000	18,033,000	14.8	15,430,000	26.6	8,171,000	14.1	161,833,000	11.1
63	129,847,000	61,218,000	17,234,000	13.3	14,607,000	23.9	7,966,000	13.0	164,320,000	10.5
64	128,020,000	56,624,000	19,683,000	15.4	16,994,000	30.0	8,795,000	15.6	162,220,000	12.1
65	141,353,000	67,176,000	27,512,000	19.5	24,855,000	37.0	14,987,000	22.3	187,243,000	14.7
66	151,634,000	72,965,000	25,401,000	16.8	22,737,000	31.2	11,732,000	16.1	198,538,000	12.8
67	146,518,000	71,066,000	26,244,000	17.9	23,689,000	33.3	11,914,000	16.8	210.187,000	12.5
50,000 – 100,000										
1958	12,471,000	10,606,000	2,628,000	21.1	2,600,000	24.5	1,332,000	12.6	17,945,000	14.6
59	13,355,000	11,348,000	2,732,000	20.5	2,717,000	23.9	1,314,000	11.6	18,562,000	14.7
60	14,384,000	12,457,000	3,115,000	21.6	3,087,000	24.8	1,467,000	11.8	19,476,000	16.0
61	15,662,000	13,605,000	2,847,000	18.2	2,820,000	20.7	1,364,000	10.0	20,239,000	14.1
62	17,021,000	14,211,000	3,037,000	17.8	3,001,000	21.1	1,494,000	10.5	20,787.000	14.6
63	17,246,000	13,244,000	2,664,000	15.4	2,570,000	19.4	1,281,000	9.7	21,382,000	12.5
64	17,377,000	13,302,000	2,888,000	16.6	2,781,000	20.9	1,343,000	10.1	22,725,000	12.8
65	17,788,000	14,167,000	3,546,000	19.9	3,459,999	24.4	1,771,000	12.5	23,945,000	14.8
66	19,414,000	15,637,000	4,349,000	22.4	4,285,000	27.4	2,134,000	13.6	26,509,000	16.4
67	20,627,000	16,957,000	4,615,000	22.4	4,564,000	26.9	2,262,000	13.3	28,490,000	16.2

Table 83. Selected Corporations Publishing Daily Newspapers by Circulation Size-Group, 1958 – 1967 (Concluded)

Circulation Size Group	Total Assets	Equity	Net Profit A	Net Profit A as a Per Cent of Total Assets	Net Profit B	Net Profit B as a Per Cent of Equity	Net Profit C	Net Profit C as a Per Cent of Equity	Total Revenue	Net Profit A as a Per Cent of Total Revenue
	Dollars			Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
10,000 – 50,000										
1958	35,311,000	23,256,000	4,464,000	12.6	3,980,000	17.1	2,056,000	8.8	30,548.000	14.6
59	38,990,000	24,670,000	5,113,000	13.1	4,623,000	18.7	2,353,000	9.5	32.528,000	15.7
60	46,207,000	26,653,000	5,350,000	11.6	4,795,000	18.0	2,398,000	9.0	35,098,000	15.2
61	48,410,000	28,743,000	5,507,000	11.7	4,801,000	16.7	2,465,000	8.6	34,447,000	16.0
62	47,824,000	30,731,000	5,180,000	10.8	4,512,000	14.7	2,295,000	7.5	35,448,000	14.6
63	49,415,000	32,147,000	5,353,000	10.8	4,676,000	14.5	2,318,000	7.2	36,800,000	15.0
64	55,461,000	36,091,000	6,484,000	11.7	5,853,000	16.2	2,964,000	8.2	41,307,000	15.7
65	68,736,000	50,551,000	7,461,000	10.9	6,802,000	13.5	3,458,000	6.8	44,763,000	16.7
66	71,692,000	52,338,000	8,316,000	11.6	7,721,000	14.8	3,814,000	7.3	48,408,000	17.2
67	87,728,000	69,136,000	8,695,000	9.9	8,117,000	11.7	4,059,000	5.9	51,449 000	16.9
Less than 10,000										
1958	6,008,000	3,429,000	473,000	7.9	433,000	12.6	360,000	10.5	8,652,000	5.5
59	6,441,000	3,884,000	766,000	11.9	721,000	18.6	557,000	14.3	9,957,000	7.7
60	6,464,000	4,358,000	776,000	12.0	725,000	16.6	582,000	13.4	10,531,000	7.4
61	7,114,000	5,071,000	791,000	11.1	744,000	14.7	401,000	7.9	9,961,000	7.9
62	7,204,000	5,100,000	851,000	11.8	807,000	15.8	449,000	8.8	11,102,000	7.7
63	7,917,000	5,550,000	883,000	11.1	833,000	15.0	476,000	8.6	11,486,000	7.3
64	7,795,000	5,313,000	1,084,000	13.9	1,025,000	19.3	554,000	10.4	12 203,000	8.9
65	9,258,000	5,121,000	1,811,000	19.6	1,728,000	33.7	981,000	19.2	13,935,000	13.0
66	9,950,000	6,082,000	2,068,000	20.8	1,963,000	32.3	1,088,000	17.9	16,010,000	12.9
67	10,442,000	6,319,000	2,268,000	21.7	2,164.000	34.2	1,183,000	18.7	17,154,000	13.2

Source: D.B.S.

Table 84. Selected Corporations Forming Part of a Group and Publishing Daily Newspapers by Circulation Size-Group, 1958 – 1967

Circulation Size-Group	Total Assets	Equity	Net Profit A before Int. & Inc. Tax	Net Profit A / Total Assets	Net Profit B after Int.	Net Profit B / Equity	Net Profit C after Inc. & Inc. Tax	Net Profit C / Equity	Total Revenue	Net Profit A / Total Revenue
	Dollars	Dollars	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
More than 100,000										
1958	45,500,000	16,478,000	3,790,000	8.3	2,961,000	18.0	1,275,000	7.7	54,237,000	7.0
59	50,536,000	17,658,000	6,251,000	12.4	5,211,000	29.5	2,878,000	16.3	63,573,000	9.8
60	50,233,000	16,110,000	6,196,000	12.3	4,757,000	29.5	2,345,000	14.6	67,731,000	9.1
61	50,161,000	17,218,000	6,646,000	13.2	5,188,000	30.1	2,707,000	15.7	68,293,000	9.7
62	50,996,000	19,065,000	9,317,000	18.3	7,961,000	41.8	4,249,000	22.3	71,320,000	13.1
63	52,074,000	20,854,000	9,727,000	18.7	8,430,000	40.4	4,760,000	22.8	72,963,000	13.3
64	51,382,000	18,715,000	8,143,000	15.8	6,929,000	37.0	2,173,000	11.6	67,198,000	12.1
65	57,332,000	23,626,000	14,735,000	25.7	13,499,000	57.1	7,919,000	33.5	83,276,000	17.7
66	65,924,000	27,850,000	15,379,000	23.3	14,138,000	50.8	7,276,000	26.1	88,674,000	17.3
67	60,258,000	25,044,000	14,487,000	24.1	14,330,000	57.2	7,062,000	28.2	95,297,000	15.2
10,000 – 50,000										
1958	26,794,000	17,242,000	3,498,000	13.1	3,109,000	18.0	1,631,000	9.5	17,675,000	19.8
59	30,070,000	18,636,000	3,878,000	12.9	3,501,000	18.8	1,766,000	9.5	18,829,000	20.6
60	36,792,000	20,343,000	4,084,000	11.1	3,651,000	18.0	1,799,000	8.8	20,392,000	20.0
61	38,435,000	22,031,000	4,118,000	10.7	3,527,000	16.0	1,758,000	8.0	19,215,000	21.4
62	37,216,000	23,974,000	4,162,000	11.2	3,601,000	15.0	1,814,000	7.6	19,761,000	21.1
63	38,765,000	25,627,000	4,415,000	11.4	3,869,000	15.1	1,920,000	7.5	20,499,000	21.5
64	44,281,000	29,237,000	5,287,000	11.9	4,811,000	16.5	2,360,000	8.1	23,949,000	22.1
65	57,378,000	43,366,000	6,011,000	10.5	5,497,000	12.7	2,691,000	6.2	26,076,000	23.1
66	59,877,000	44,867,000	6,840,000	11.4	6,381,000	14.2	3,086,000	6.9	28,595,000	23.9
67	75,497,000	61,211,000	6,900,000	9.1	6,448,000	10.5	3,071,000	5.0	30,533,000	22.6

Source: D.B.S.

Table 85. Selected Independent Corporations Publishing Daily Newspapers By Circulation Size-Group, 1958 – 1967

Circulation Size-Group	Total Assets	Equity	Net Profit A before Int. & Inc. Tax	Net Profit A before Int. & Inc. Tax / Total Assets	Net Profit B after Int.	Net Profit B after Int. / Equity	Net Profit C after Int. & Inc. Tax	Net Profit C after Int. & Inc. Tax / Equity	Total Revenue	Net Profit A before Int. & Inc. Tax / Total Revenue
		Dollars		Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
More than 100,000										
1958	59,363,000	30,508,000	8,469,000	14.3	7,798,000	25.6	4,590,000	15.1	77,300,000	11.0
59	63,220,000	34,474,000	11,187,000	17.7	10,167,000	29.5	5,827,000	16.9	86,895,000	12.9
60	63,906,000	36,963,000	8,348,000	13.1	7,359,000	19.9	3,677,000	10.0	86,465,000	9.7
61	69,158,000	39,170,000	8,134,000	11.8	7,085,000	18.1	3,648,000	9.3	88,207,000	9.2
62	71,100,000	38,888,000	8,716,000	12.3	7,469,000	19.2	3,922,000	10.1	90,513,000	9.6
63	77,800,000	40,364,000	7,525,000	9.7	6,177,000	15.3	3,206,000	7.9	91.357,000	8.2
64	76,638,000	37,909,000	11,540,000	15.1	10,065,000	26.6	6,622,000	17.5	95,022,000	12.1
65	84,021,000	43,550,000	12,777,000	15.2	11,356,000	26.1	7,068,000	16.2	103,967,000	12.3
66	85,710,000	45,115,000	10,022,000	11.7	8,599,000	19.1	4,456,000	9.9	109,864,000	9.1
67	86,260,000	46,022,000	10,757,000	12.5	9,359,000	20.3	4,852,000	10.5	114,890,000	9.4
10,000 – 50,000										
1958	8,571,000	6,014,000	966,000	11.3	871,000	14.5	425,000	7.1	12,873,000	7.5
59	8,920,000	6,034,000	1,235,000	13.9	1,122,000	18.6	587,000	9.7	13,699,000	9.0
60	9,415,000	6,220,000	1,253,000	13.3	1,141,000	18.3	599,000	9.6	14,697,000	8.5
61	9,975,000	6,712,000	1,389,000	13.9	1,274,000	19.0	707,000	10.5	15,262.000	9.1
62	10,608,000	6,757,000	1,018,000	9.6	911,000	13.5	481,000	7.1	15,687,000	6.5
63	10,650,000	6,520,000	938,000	8.8	807,000	12.4	398,000	6.1	16,301,000	5.8
64	11,180,000	6,854,000	1,197,000	10.7	1,042,000	15.2	604,000	8.8	17,358,000	6.9
65	11,358,000	7,185,000	1,450,000	12.8	1,305,000	18.2	767,000	10.7	18,687,000	7.8
66	11,815,000	7,471,000	1,476,000	12.5	1,340,000	17.9	728,000	9.7	19,813,000	7.5
67	12,231,000	7,924,000	1,495,000	12.2	1,369,000	17.3	988,000	12.5	20,916,000	7.2

Source: D.B.S.

Table 86. Selected Corporations Publishing Daily Newspapers with Circulation under 100,000 by Region

Region	Total Assets	Equity	Net Profit A before Int. & Inc. Tax	Net Profit A before Int. & Inc. Tax / Total Assets	Net Profit B after Int.	Net Profit B after Int. / Equity	Net Profit C after Int. & Inc. Tax	Net Profit C after Int. & Inc. Tax / Equity	Total Revenue	Net Profit A before Int. & Inc. Tax / Total Revenue
	Dollars			Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
Atlantic										
1958	4,221,000	3,617,000	628,000	14.9	591,000	16.3	356,000	9.8	5,081,000	12.4
59	4,663,000	3,554,000	644,000	13.8	607,000	17.1	327,000	9.2	5,368,000	12.0
60	4,760,000	3,822,000	691,000	14.5	651,000	17.0	351,000	9.2	5,895,000	11.7
61	5,145,000	4,023,000	623,000	12.1	592,000	14.7	327,000	8.1	6,245,000	10.0
62	5,523,000	4,250,000	727,000	13.2	697,000	16.4	378,000	8.9	6,576,000	11.1
63	6,516,000	4,116,000	547,000	8.4	464,000	11.3	268,000	6.5	6,783,000	8.1
64	7,072,000	4,222,000	402,000	5.7	293,000	6.9	174,000	4.1	7,167,000	5.6
65	7,189,000	4,482,000	432,000	6.0	348,000	7.8	208,000	4.6	7,693,000	5.6
66	6,921,000	4,572,000	574,000	8.3	491,000	10.7	271,000	5.9	8,295,000	6.9
67	7,033,000	4,804,000	704,000	10.0	603,000	12.6	342,000	7.1	8,661,000	8.1
Québec										
1958	3,403,000	1,469,000	205,000	6.0	135,000	9.2	20,000	1.4	4,320,000	4.8
59	3,669,000	1,627,000	219,000	6.0	142,000	8.7	113,000	7.0	4,543,000	4.8
60	3,920,000	1,712,000	305,000	7.8	213,000	12.4	80,000	4.7	4,845,000	6.3
61	4,061,000	1,784,000	311,000	7.7	220,000	12.3	59,000	3.3	4,745,000	6.6
62	4,228,000	1,836,000	331,000	7.8	245,000	13.3	65,000	3.5	4,931,000	6.7
63	4,518,000	1,957,000	377,000	8.3	303,000	15.5	84,000	4.3	4,953,000	7.6
64	4,805,000	2,242,000	735,000	15.3	654,000	29.2	339,000	15.1	5,147,000	14.3
65	5,090,000	2,704,000	891,000	17.5	800,000	29.6	483,000	17.9	5,706,000	15.6
66	5,625,000	2,880,000	739,000	13.1	665,000	23.1	327,000	11.4	5,995,000	12.3
67	5,324,000	2,822,000	821,000	15.4	760,000	26.9	424,000	15.0	6,098,000	13.5

Table 86. Selected Corporations Publishing Daily Newspapers with Circulation under 100,000 by Region (Continued)

Region	Total Assets	Equity	Net Profit A before Int. & Inc. Tax	Net Profit A before Int. & Inc. Tax / Total Assets	Net Profit B after Int.	Net Profit B after Int. / Equity	Net Profit C after Int. & Inc. Tax	Net Profit C after Int. & Inc. Tax / Equity	Total Revenue	Net Profit A before Int. & Inc. Tax / Total Revenue
	Dollars	Dollars	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent	Dollars	Per Cent
Ontario										
1958	36,995,000	25,443,000	4,925,000	13.3	4,518,000	17.8	2,412,000	9.5	33,286,000	14.8
59	40,045,000	27,084,000	5,573,000	13.9	5,178,000	19.1	2,788,000	10.3	36,038,000	15.5
60	47,533,000	29,665,000	6,102,000	12.8	5,657,000	19.1	2,990.000	10.1	38,973,000	15.7
61	50,668,000	32,516,000	6,026,000	11.9	5,416,000	16.7	2,770,000	8.5	38,716,000	15.6
62	50,294,000	34,396,000	5,644,000	11.2	5,057,000	14.7	2,589,000	7.5	39,631,000	14.2
63	50,919,000	35,023,000	6,021,000	11.8	5,404,000	15.4	2,700,000	7.7	41,086,000	14.7
64	55,787,000	38,512,000	7,402,000	13.3	6,866,000	17.8	3,408,000	8.9	45,791,000	16.2
65	68,710,000	52,624,000	8,649,000	12.6	8,117,000	15.4	4,039,000	7.7	49,088,000	17.6
66	72,677,000	55,046,000	10,173,000	14.0	9,715,000	17.7	4,773,000	8.7	53,631,000	19.0
67	89,774,000	72,551,000	10,830,000	12.1	10,361,000	14.3	5,124,000	7.1	57,921,000	18.7
Prairies										
1958	5,461,000	4,372,000	1,236,000	22.8	1,210,000	27.7	671,000	15.4	7,395,000	16.7
59	6,251,000	5,001,000	1,372,000	22.0	1,344,000	26.9	670,000	13.4	7,828,000	17.5
60	6,902,000	5,542,000	1,415,000	20.5	1,384,000	25.0	689,000	12.4	8,043,000	17.6
61	7,103,000	5,924,000	1,475,000	20.8	1,447,000	24.4	751,000	12.7	8,237,000	17.9
62	7,737,000	6,468,000	1,483,000	19.2	1,457,000	22.5	754,000	11.7	8,477,000	17.5
63	8,405,000	7,014,000	945,000	11.2	920,000	13.1	507,000	7.2	8,664,000	10.9
64	8,864,000	6,938,000	690,000	7.8	653,000	9.4	314,000	4.5	9,312,000	7.4
65	9,081,000	7,471,000	947,000	10.4	892,000	11.9	680,000	9.1	10,077,000	9.4
66	9,909,000	8,090,000	1,640,000	16.6	1,581,000	19.5	833,000	11.5	11,304,000	14.5
67	9,952,000	8,273,000	1,337,000	13.4	1,285,000	15.5	655,000	7.9	11,978,000	11.2

British Columbia										
1958	3,710,000	2,390,000	571,000	15.4	559,000	23.4	289,000	12.1	7,063,000	8.1
59	4,158,000	2,636,000	685,000	16.5	672,000	25.5	326,000	12.4	7,270,000	9.4
60	3,940,000	2,637,000	726,000	18.4	699,000	26.5	337,000	12.8	7,340,000	9.9
61	4,209,000	3,172,000	711,000	16.9	691,000	21.8	323,000	10.2	6,734,000	10.6
62	4,267,000	3,092,000	883,000	20.7	864,000	27.9	452,000	14.6	7,722,000	11.4
63	4,220,000	2,831,000	1,010,000	23.9	988,000	34.9	516,000	18.2	8,182,000	12.3
64	4,105,000	2,792,000	1,227,000	30.0	1,193,000	42.7	626,000	22.4	8,818,000	13.9
65	5,712,000	2,918,000	1,599,000	28.0	1,532,000	42.5	800,000	27.4	10,079,000	15.9
66	5,924,000	3,469,000	1,610,000	27.2	1,520,000	43.8	832,000	24.0	11,702,000	13.8
67	6,714,000	3,961,000	1,886,000	28.1	1,836,000	46.4	959,000	24.2	12,435,000	15.2

Source: D.B.S.

The results found in the tables speak for themselves. However, the following acts as a brief summary of some of the more salient points:

1 Before-tax profits as a percentage of total equity for all newspapers have ranged between 23 per cent and 30 per cent over the ten-year period. This indicates the returns being earned by shareholders on capital they have contributed to the companies. After-tax profits as a percentage of equity amount to slightly over one half of the percentage for before-tax profits.

2 The largest newspapers (over 100,000) and the smallest newspapers (under 10,000) are the most profitable in terms of returns on equity. Companies publishing newspapers with circulations of over 100,000 and under 10,000 consistently earned before-tax profits in excess of 30 per cent from 1965 onward. In both cases, this profit rate has shown a definite increase in the later years of the ten-year period. This increase was most spectacular for the smaller group, where the rate of return on equity in the early 1960s was less than one-half of the rate in the post-1964 period.

3 Companies publishing newspapers in the 10,000 to 50,000 circulation range are the least profitable, with an after-tax rate of profit on equity in recent years of less than one half of the rate for the industry as a whole. Profitability for this group has been also showing a declining trend over the ten-year period covered.

The reason for the pressure on profits of newspapers in this size-range would appear to be explained by costs having grown more rapidly than revenues. Advertising rates have not increased as rapidly as for papers in other size-groups, and costs have generally been growing at a more rapid rate than for other size-groups.

4 Corporations forming part of newspaper groups, and publishing newspapers with a circulation of over 100,000, have been earning a high and growing rate of profit. In 1967, the before-tax rate of return on equity for this group was 57.2 per cent. The rate was approximately 30 per cent in the period 1959-61. The high rate of profit for corporations in this group can be attributed to three factors. First, newspapers in large metropolitan centres generally tend to be very profitable. Second, the large groups tend to purchase the more profitable newspaper companies. Third, many of the cost economies achieved through group ownership have been used to increase profits rather than to reduce advertising and subscription rates.

5 Quebec and British Columbia are the two regions where daily newspaper publishing appears to be most profitable. The Atlantic region has the least profitable newspapers. Newspapers in the Prairies and Ontario have profit rates considerably below those of Quebec and British Columbia but somewhat above those of the Atlantic region.

The profitability of newspaper publishing has shown significant increases in Quebec and British Columbia over the ten-year period covered, while in the Prairies the situation has been the reverse. Profit rates in the Atlantic region and Ontario have been more stable, although the rates in both regions followed a slightly downward trend over the ten-year period.

INPUT-OUTPUT RELATIONSHIPS

Table 87 contains data for the most important input-output relationships for corporations publishing daily newspapers in Canada over the ten-year period from 1958 to 1967.

The first section contains total receipts, expenses and profits in millions of dollars. The second section shows the distribution of each category of expenses and profits as a percentage of total receipts. Purchased inputs made up the largest single component of expenses, accounting for from 40 per cent to 45 per cent of total receipts over the 1958 to 1967 period. Wages and salaries were next in importance, accounting for from 38 per cent to 40 per cent of total receipts. Gross returns to capital (including depreciation, interest and taxes) accounted for from 16.7 per cent to 20.9 per cent of receipts over the period. Gross returns to capital showed a greater degree of instability than either purchased inputs or wages and salaries. This is to be expected because returns to capital form a residual after other obligations have been met. Returns to labour, in the form of wages and salaries, are approximately twice the gross returns to capital. This indicates the high degree of labour intensity in the daily newspaper publishing industry.

The third section contains indices based on 1958=100, of total receipts, expenses and profits over the ten-year period. Comparisons between such indices provide a measure of trends in costs relative to revenues, and consequently of the types of inflationary pressures, if any, prevailing in the industry.

Total receipts of the corporations included in this data grew by approximately 71 per cent over the ten-year period. Expenditures on purchased inputs grew by 61.4 per cent and expenditures on wages and salaries grew by 71.5 per cent. Gross returns to capital, on the other hand, grew by 95.2 per cent over the period.

The fact that gross returns to capital grew more rapidly than expenditures on purchased inputs and wages and salaries has two possible explanations. First, this could reflect increasing capital intensity in the industry. If this were the case, a definite trend should be developing whereby capital's share of returns is increasing in a clearly discernible way. In fact, such a trend cannot be found in the data. Second, the rapid rate of growth in the gross returns to capital relative to other expense items can reflect the fact that the demand for the product of the industry has been growing at a sufficiently rapid rate to permit higher profits in the industry. This appears to be the factor operative for daily newspapers in Canada, as is substantiated by the rate of growth in net profits. Net profits as a percentage of total receipts have been substantially better in the second half of the ten-year period than in the first half.

The above conclusion has relevance in terms of identifying the effects of cost pressures on firm in the industry. The trends of expenditures on purchased inputs and wages and salaries would indicate that the pressure from such expenditures has not affected the profitability of the industry. Indeed, cost-push inflationary pressures have not generally been an operative factor over the period. The growth in demand in the industry has permitted a relative increase in the share of returns going to capital. This would indicate that, to the extent that inflation has been a factor in this industry, this inflation of advertising and circulation rates has been fully justified by the growth in demand for the products of the newspaper industry.

Table 87. Input – Output Relationships for all Canadian Newspaper Publishing Companies, 1958 – 1967

Year	Total Receipts	Total Purchased Inputs	Wages And Salaries	Gross Return To Capital	Depreciation	Net Profit Before Int. & Inc. Tax	Interest Payments	Income Tax Payments	Net Profit After Int. & Inc. Tax
					Dollars				
1958	224,413,000	99,839,000	87,138,000	37,436,000	7,132,000	26,542,000	2,459,000	11,011,000	13,073,000
59	250,266,000	108,444,000	95,481,000	46,341,000	8,593,000	34,052,000	2,985,000	14,101,000	16,966,000
60	259,847,000	112,348,000	102,137,000	45,362,000	8,876,000	31,943,000	3,397,000	13,988,000	14,557,000
61	263,119,000	112,577,000	103,973,000	46,569,000	8,848,000	32,548,000	3,583,000	13,869,000	15,096,000
62	272,520,000	115,756,000	106,895,000	49,869,000	8,901,000	35,954,000	3,609,000	15,164,000	17,182,000
63	278,539,000	116,997,000	112,024,000	49,518,000	9,549,000	34,607,000	3,662,000	14,355,000	16,589,000
64	288,438,000	116,456,000	115,729,000	56,253,000	11,755,000	39,147,000	3,663,000	17,105,000	18,379,000
65	335,276,000	134,297,000	130,945,000	70,034,000	11,874,000	52,523,000	3,707,000	20,773,000	28,043,000
66	348,468,000	148,760,000	139,737,000	59,971,000	12,739,000	50,981,000	3,688,000	22,756,000	24,537,000
67	383,463,000	161,130,000	149,442,000	72,891,000	12,867,000	53,070,000	3,635,000	24,061,000	25,874,000
					Per Cent				
1958	100.0	44.5	38.8	16.7	3.2	11.8	1.1	4.9	5.8
59	100.0	43.3	38.1	18.5	3.4	13.6	1.2	5.6	6.8
60	100.0	43.2	39.3	17.5	3.4	12.3	1.3	5.4	5.6
61	100.0	42.8	39.5	17.7	3.4	12.4	1.4	5.3	5.7
62	100.0	42.5	39.2	18.3	3.3	13.2	1.3	5.6	6.3
63	100.0	42.0	40.2	17.8	3.4	12.4	1.3	5.1	6.0
64	100.0	40.4	40.1	19.5	4.1	13.6	1.3	5.9	6.4
65	100.0	40.0	39.1	20.9	3.5	15.7	1.1	6.2	8.4
66	100.0	42.7	40.1	17.2	3.7	14.6	1.1	6.5	7.0
67	100.0	42.0	39.0	19.0	3.4	13.8	0.9	6.3	6.7
					1958 = 100				
1958	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
59	111.5	108.6	109.8	124.1	120.5	128.3	121.4	128.1	129.8
60	115.8	112.5	117.2	121.5	124.4	120.3	138.1	127.0	111.3
61	117.2	112.8	119.3	124.7	124.0	122.6	145.7	125.9	115.5
62	121.4	115.9	122.7	133.5	124.8	135.5	146.8	137.7	131.4
63	124.1	117.2	128.6	132.6	133.9	130.4	148.9	130.4	126.9
64	128.5	116.6	132.8	150.6	164.8	147.5	148.9	155.3	140.6
65	149.4	134.5	150.3	187.5	166.5	197.9	150.7	188.7	214.5
66	155.3	149.0	160.4	160.6	178.6	192.1	150.0	206.7	187.7
67	170.9	161.4	171.5	195.2	180.4	199.9	147.9	218.5	197.9

If rate increases were forced through increasing costs rather than induced through growing demand, it would be expected that profit shares would be declining. However, when rates can be set which actually permit an increase in profit shares, it must be the case that demand for the products of the industry is growing sufficiently as to permit rate increases greater than those necessary simply to meet the growth in costs. This would appear to be the situation in daily newspaper publishing over the ten year period covered.

INTER-INDUSTRY COMPARISONS

The data in Table 88 provide a basis for comparison of the capital structure and profit rates of the media industries relative to other sectors of the economy. The years 1965 and 1966 have been selected since they cover the most recent two year period for which the data for all industries are available.

The following are the relevant conclusions to be drawn from the results found in Table 88:

1 Current assets constitute slightly less than 30 per cent of all assets in the daily newspaper publishing industry. The data from which these results were calculated indicated that current assets are almost equally divided between cash and securities on the one hand, and accounts receivable on the other.

Newspaper publishing firms have a relatively lower current asset requirement than either the manufacturing or retail trade industries. This is largely a result of lower accounts receivable as a proportion of current assets, and is at least partially explainable by the monopoly structure in the media industries, permitting them to put less emphasis on trade credit as a competitive technique.

2 Buildings and equipment make up a larger proportion of total assets in the daily newspaper publishing industry than the manufacturing and retail trade industries. This is partially a reflection of the fact that current assets assume a proportionately smaller importance in the media industries.

3 Retained earnings constitute a much larger proportion of total liabilities and equity in the daily newspaper publishing industry than in any of the other industries. This has two important implications.

First, a high level of retained earnings in an industry indicates that the industry has been highly profitable in the past. Retained earnings are made up of past profits retained in the company after dividends have been paid. Assuming that corporations must, over the long run, pay out some normal return on share capital, higher-than-average retained earnings can generally only be built up through time if profits are higher than the average for other industries.

Second, a high level of retained earnings in an industry indicates a large stock of capital in the industry in search of profitable investments. These funds can be used to finance the purchase of new buildings, equipment, and other fixed assets, to purchase bonds and securities, to purchase shares in companies active in other sectors of the economy, and to purchase shares in competing companies within the same industry. Which of these alternatives is chosen will depend upon which provide promise of the greatest return on funds so invested.

If most firms within a given industry tend to be highly profitable, there is a very strong pressure toward the concentration of more and more of the firms under the

Table 88. Inter-Industry Comparisons of Capital Structure and Profit Rates, 1965 and 1966

	Manufacturing Industries		Retail Trade Industries		Service Industries		Public Utilities		Daily Newspaper Industry	
	1965	1966	1965	1966	1965	1966	1965	1966	1965	1966
	%		%		%		%		%	
Current Assets / Total Assets	46.5	46.0	62.4	63.2	26.6	27.8	7.9	7.3	29.1	28.5
Net Buildings and Equipment / Total Assets	33.9	34.5	17.5	18.5	46.6	46.3	75.1	75.2	40.7	40.8
Retained Earnings / Total Liabilities and Equity	32.6	32.1	29.7	29.6	16.5	18.7	13.9	16.2	44.6	45.1
Share Capital / Total Liabilities and Equity	18.7	17.2	13.4	12.7	16.4	15.5	23.5	23.3	10.7	10.5
Long Term Debt / Total Liabilities and Equity	11.3	11.3	8.5	9.1	23.5	23.4	43.1	40.9	18.3	17.0
Profit (Before Tax) / Total Assets	10.9	10.0	8.3	8.0	7.2	8.5	8.3	8.2	19.2	17.4
Profit (Before Tax) / Equity Capital	18.0	16.9	15.3	15.9	14.5	17.5	13.8	13.4	30.5	27.5
Profit (After Tax) / Equity Capital	10.4	10.0	9.2	9.8	9.4	11.7	8.6	8.3	17.5	14.3
Profit (Before Tax) / Total Revenue	9.3	8.7	3.3	3.1	7.7	8.5	26.4	24.8	15.6	14.6

Sources: Corporation Financial Statistics, D.B.S. 61-207 (Annual); D.B.S. Special Aggregation of Income Tax Returns

ownership of a few larger corporations. The larger, highly profitable corporations tend to build up large stocks of retained earnings. In the search for profitable investments for these funds, these corporations are attracted to independent, highly-profitable firms within the same industry. Investment within the same industry has further added advantages. Certain cost economies can often be achieved by consolidating the operations of firms producing similar products. Managers also generally prefer to extend ownership within the same industry. Thus, if firms in an industry are generally profitable, it is almost inevitable that a pattern of increasing concentration of ownership will develop through time.

This prescription describes the forces which have been, and continue to be, operative in the daily newspaper industry. The larger firms, in particular, have built up substantial retained earnings through time. This accumulation of funds keeps such firms in constant search for an outlet for these funds. Some of the most attractive alternatives in the whole economy exist right within the newspaper industry. As a result, these firms tend to compete very strongly to buy other newspapers. Their success at doing so is indicated by the increasing dominance of group ownership in the industry.

4 Share capital makes up a smaller proportion of total liabilities and equity in the daily newspaper industry than in any of the other industries. This is again largely explainable by the highly profitable nature of the industry. The high profits make it possible to raise much of the capital needed for expansion from current and retained income. Raising the funds through share capital would tend to dilute the shares already issued by spreading the high profits over a larger number of shares.

5 Long-term debt makes up a larger proportion of liabilities and equity for newspapers than for manufacturing and retail trade industries. This is also attributable to the high profits in the newspaper industry. With the extremely high profits prevalent in the industry, long-term debt is generally a much more attractive source of capital than share issues. New share issues result in a spreading of the high profits over a larger number of shareholders, which tends to dilute the shares already outstanding. Long-term debt, on the other hand, raised at a fixed interest rate, permits a larger portion of the profits on new capital to be retained by the current shareholders.

These circumstances have been altered somewhat in recent years for some public companies for which the market price of shares is highly inflated relative to earnings. If new shares can be issued at these inflated prices, new share capital can be raised without seriously diluting returns on shares already outstanding.

The somewhat higher proportion of long-term debt in the service industries can be attributed to the relatively low level of retained earnings in this industry. This is also true of the radio and television industry. A high rate of growth of capital assets, plus a lower rate of profit, has forced these industries to draw more heavily on long-term debt in order to raise the required capital.

6 Before-tax profits as a percentage of total assets in the daily newspaper industry are close to twice those found in other industries. This is a clear indication of the monopoly structure found in this industry. In an industry which is highly competitive, competition between existing firms and from new interests should result in profit rates which are roughly comparable for various industries. Industries

characterized by monopolies are able to restrict the degree of output-expanding capital accumulation such as to maintain prices and rates at a high enough level to yield higher than normal profits. The profit rates for daily newspapers indicate that monopoly power is being used, intentionally or unintentionally, to generate very high profits.

7 Rates of return on equity, indicate the profit rates being earned on capital actually contributed by shareholders of the companies involved. Such contributions largely come through share capital and retained earnings.

In 1965, before-tax profits on equity in the daily newspaper industry equalled 30.5 per cent, compared to 18.0 per cent in manufacturing and approximately 15.0 per cent in most other industries. 1965 was somewhat exceptional for daily newspapers, in terms of profitability, while 1966 was more typical. In 1966, profits on equity were 27.5 per cent, which is still a high figure.

8 The profit rates indicated probably tend to underestimate the actual profitability of the corporations involved. Many private corporations, and particularly the highly profitable ones, use various types of management companies to divert a portion of profits out of the accounts of the operative corporations. It has not been possible to include such companies in the media industry groupings because of the difficulties in identifying them. However, if these companies were included, profit rates would almost certainly be higher than indicated.

THE COST-PRICE SQUEEZE

In the course of interviews conducted by the research team, a number of references were made to a "cost-price squeeze" in the publishing industry, a common complaint in all industries in these days of rapid inflation. However, the phrase "cost-price squeeze" must be conceptually precise if it is to be used to explain the economic fortunes of an industry. In its most simple application, it is used to refer to a situation in which input prices rise at a faster rate than entrepreneurs are able to increase the price of the product, given the nature of demand for the product. However, this application of the concept implies that the physical input mix remains unchanged over the time period considered. In reality, of course, this is seldom, if ever, the case. In addition, the prices of all inputs do not usually increase at the same rate, making it even more difficult to identify the "cost-price squeeze" solely from data on the prices of inputs and the prices of final products.

The data in table 88, however, permit conclusions regarding the existence of a "cost-price squeeze" in this industry. Because these data are constituted of total dollar revenue and costs figures, they take account of movements in both physical quantity and price of inputs and product. The "cost-price squeeze" concept is still applicable. However, the "squeeze" is now considered to be in play if costs, considered as a group, advance more rapidly than total revenues, leading to a reduction in the share of net profits accruing to the industry. In view of the conclusions drawn about net profits above, it can be concluded that the evidence to support the claim of a "cost-price squeeze" in the publishing industry during the 1960s is very weak indeed. In fact, producers appear to have been able to increase the relative share of net profits over the period considered.

As a corollary to this conclusion, it also follows that "cost-push" inflationary pressures were not dominant over the period. While the results do not permit the drawing of this conclusion with complete certainty, they do indicate that the cost of capital equipment must be the source of this "cost-push" inflation if it did exist. But if capital costs were the source of "cost-push" inflation over the period, this would have to be reflected in an increase in capital intensity in the industry, given the overall movements in other costs. For reasons already mentioned, it has been tentatively concluded that such a shift in capital intensity did not in fact occur. As a result, it is tentatively concluded that to the extent that inflation existed in the industry over the period, it was predominantly of the "demand-induced" type.

This section will outline the nature of the industry cost function for daily newspapers in Canada. The discussion will be extended to include the cost function for individual dailies of different sizes, and for those operating under different types of ownership patterns.

Many of the most important conclusions of the entire study are to be found in this section. One of the primary objectives of this study has been to explain the very strong tendency towards local concentration in the industry. This concentration is manifested in the form of more and more single-newspaper cities. This section contains cost data which suggest that cost conditions are the major contributing factor to the dominance of single-newspaper cities.

The Industry Cost Function

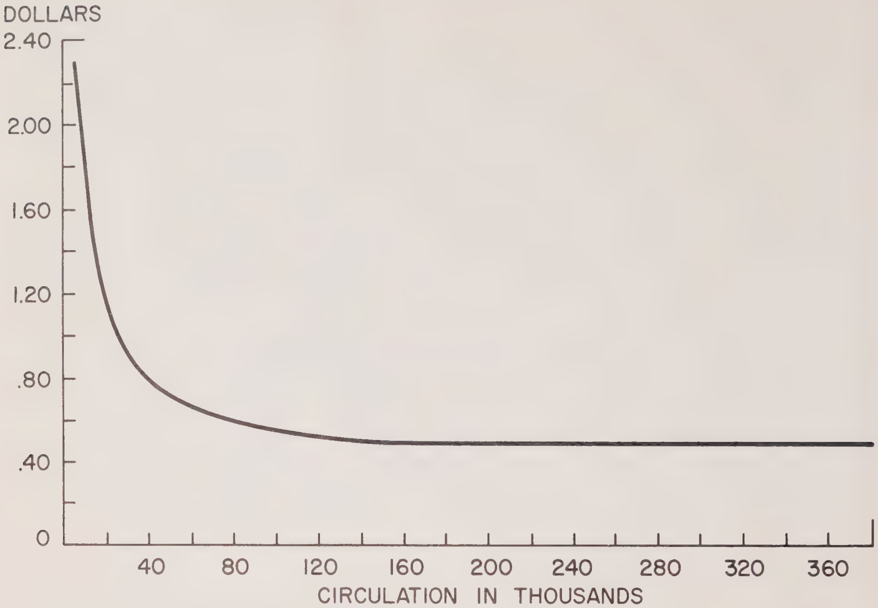
The industry cost function shows the relationship of costs-per-unit-of-product for establishments in the industry ranked according to increasing size. One of the first decisions that must be made in constructing such a function is in determining the units to be used to measure the product. A standard time period must also be used, and since standard accounts are kept on an annual basis, all costs are on a per annum basis.

Simple annual costs per establishment cannot be used, because papers differ greatly in circulation and size per issue. Likewise, costs per subscriber are not satisfactory because of differences in number of pages and page size. The decision was made to use cost per column printed and distributed as the basic unit. This gives a standard unit of output that is comparable for all papers.

A further justification for using cost per column is that the cost function so defined will be identical to a revenue function that indicates the revenue per column needed to meet costs. Assuming that any given paper maintains a relatively constant proportion of advertising space to total space, this revenue function could be transposed by the use of appropriate multiples to give the revenue per million lines of advertising needed to meet costs: (i.e., milline rates required to meet cost). Because of the use of fixed multiples, this cost-determined milline rate function would have the same general shape as the cost per column function.

Chart 8 contains the results of plotting costs-per-column against circulation for a number of daily newspapers in Canada. All costs have been included except net profits and interest payments. The most significant feature of this graph is that costs-per-column decrease significantly as the circulation size of the paper increases. Average cost per 1,000 columns in 1968 for a paper of 10,000 circulation was

Chart 8
DAILY NEWSPAPER – COST PER THOUSAND COLUMNS
BY CIRCULATION, 1968.



SOURCE: Special Survey.

approximately \$1.60, while the average cost per 1,000 columns of a paper with 250,000 circulation was approximately 45 cents. This in effect means that for two papers of a standard size per issue and content, one with a 10,000 circulation and one with a 250,000 circulation, the cost of putting the smaller-circulation paper in the hands of a reader is $3^1/_2$ times that of the larger.

Consequently, the smaller paper must raise $3^1/_2$ times as much revenue per reader as the larger paper if it is to meet its production costs. If both papers had the same proportion of advertising content to total content, the revenue per advertising line per subscriber raised through advertising would likewise have to be $3^1/_2$ times larger for the smaller paper than for the larger paper.

Further, if newspapers generally endeavour to set advertising rates so as to meet production costs and to yield a "normal" or satisfactory profit, milline rates should also bear this proportionate relationship. An examination of the milline rate function derived earlier indicates this to be so. The milline rate for a paper of 10,000 circulation is very close to $3^1/_2$ times that for a paper with 250,000 circulation.

Thus, as a by-product of this part of the study, an extremely important result has been derived. Generally speaking, larger newspapers do not take advantage of a continuously declining cost function to appropriate monopoly profits greatly in excess of smaller papers. Large papers, for example, could offer competitive rates with smaller papers, but in so doing still accumulate larger monopoly profits

because of greatly differing costs. In point of fact, this is not done. By and large, larger papers tend to pass on the greater part of their cost economies to advertisers in the form of lower milline rates.

Returning to the industry cost function, it now becomes obvious why, in the investigation of employment, productivity and wages in an earlier section, the data revealed some similarities to data found in "natural monopoly" industries. Natural monopoly industries are those in which costs-per-unit-of-production tend to decrease as the size of the production unit increases throughout the range of all size combinations of firms which could meet total market needs. In these situations one large firm tends eventually to dominate the market, since that firm can sell its product at a price lower than any other and still meet its costs of production.

It appears that the daily newspaper industry has all of the attributes of a natural monopoly industry. The balance in relative market shares in natural monopoly industries is always unstable as long as more than one firm competes for the available market.

INSTABILITY OF MARKET SHARES IN NATURAL MONOPOLIES

The reasons for the instability of market shares in natural monopolies are fairly simple. The larger the share of the market any one firm obtains, the lower is its cost of production-per-unit-of-product. If one firm increases its *share* of the market, it always must do so at the expense of another firm. Thus, the competing firm's relative costs-per-unit-of-product will increase simultaneously with the decrease in costs of the other as the spread in market shares becomes greater.

The result is that there is a very strong tendency for a larger firm to drive a smaller firm out of business. If the firms are of roughly equal size, the one with the larger capital resources will be the one with the natural advantage. The firm with the larger capital resources can afford to use predatory pricing practices, cutting prices below costs in an effort to increase its share of the market.

If buyers are price-responsive, they will shift some of their purchases to this firm and away from competing firms. This will have a two-fold effect. First, it will allow the firm pricing in a predatory way to expand its production. This expanded production will lower unit cost, bringing costs into line with the lower price previously set. Second, it will force the firm that has lost some of its share of the market to raise its prices in order to meet costs. The net result is an even greater discrepancy in prices, which will lead to a further shifting on the part of the buyers to the lower-priced firm.

If two or more firms start out with markedly differing shares of the market, the smaller firms can expect, with something close to absolute certainty, that they will be left with a smaller and smaller share of the market as time passes. The smaller firms must charge a relatively higher price to meet costs, but this price differential can only have the long-run effect of inducing more and more buyers to switch to the product of the larger firm. As this happens, the discrepancies between prices of the smaller firms and those of the larger firms must become larger, since the larger firms have the opportunity to take advantage of further economies of scale relative to the smaller firms. The situation can only hope to stabilize if the competing firms,

through formal or informal collusion, agree to cease the battle for market shares. In so doing, the larger firms must hold their price at a level that yields a profitable return to the smaller firms. As a consequence, the collusion yields a monopoly profit to the larger firms.

In natural-monopoly situations, there is thus a strong pressure toward an ever-increasing market share for the larger firm. Since this also leads to greater and greater discrepancies in costs-per-unit-of-product between competing firms, smaller firms must either accept significant and growing losses, or increase their prices relative to competitors. Whichever alternative they accept, they will be forced to yield larger and larger portions of the market over time. It is almost inevitable that smaller firms are eventually driven out of production by a single large firm. Aside from collusion, a smaller firm has only two real hopes for survival in these natural monopoly situations. One is to differentiate the product it produces sufficiently that it can retain a group of customers who have a definite preference for the product of the smaller firm, and for whom the preference is so strong that they will buy the product of the smaller firm, even if the price is substantially higher than for the competing products. The other is to introduce some controls over production – either technical or legal – so as to restrict the ability of the larger firm to expand.

Newspapers differ somewhat from other types of "natural monopoly" industries, and this introduces some analytical complications. Newspapers really sell *two* products, advertising space and circulation. Newspapers also operate in much more restricted markets than many other types of industries.

First, the restricted nature of the market must be considered. The shape of the cost curve shown in Chart 8 would suggest that if newspapers generally had a distribution that covered the whole of the country, there would be a tendency toward one large single-daily newspaper in Canada.

However, the market for any single newspaper is usually concentrated in the area in and surrounding an individual urban centre. Part of this restriction of the market arises out of increased distribution costs. As will be indicated later, newspaper distribution is not characterized by the same economies of scale manifested in the total cost function. In fact, distribution costs tend to increase disproportionately with circulation, since growth in circulation usually involves extending distribution to a much further distance from the production point.

The other major factor giving rise to the restricted size of the market for daily newspapers pertains to the nature of both news and advertising. A significant part of the news presented in a daily newspaper tends to be of relatively local interest. Building up circulation further afield becomes both difficult and costly, since interest in the content of the paper decreases as the distance from the centre of production increases. Second, retail, department store, and classified advertisers are generally only concerned with the retail trading area within and immediately surrounding the urban centre in which they are located. Advertising receipts thus increase less than proportionately to circulation as circulation is added in more distant locations. A point is quickly reached when marginal additions to receipts are less than the marginal additions to costs incurred in extending circulation.

The fact that newspapers concentrate their distribution within a fairly restricted market does not detract from the applicability of the "natural monopoly" hypothesis. It simply means that the pressures are in the direction of localized monopolies.

The second complication in applying the natural monopoly argument to newspapers pertains to the fact that newspapers in effect sell two products, circulation and advertising space. The dynamics of the natural monopoly argument must be examined in more detail for newspapers to take account of this complication. Before doing so, however, certain adjustments must be made to the industry cost curve as derived to this point.

REMOVAL OF CONTENT BIAS IN COST CURVE

The industry cost function is derived from data that applied in 1968; in most cases competitive adjustments are now virtually complete. Out and out competition with other papers has been eliminated in most areas through competition in the past. This situation has introduced a certain bias into the cost curve for which adjustments must be made.

The major adjustment to the cost function must take account of the differences in quality and content of the papers which make up the function. For instance, the larger dailies usually tend to have larger issues, more syndicated and special features and greater over-all effort and investment in news gathering. In order to discuss the simple cost dynamics operating between two similar competing papers, we need to have a situation where the competing papers are standardized so that differences in total cost expenditure reflect only the cost differences involved in carrying different circulations, but with roughly equivalent basic products.

The industry cost function in effect contains a bias. Costs per column for larger circulation papers are inflated above what they would be if all papers were of relatively standard length and quality. This arises from the fact that larger papers tend to take advantage of their ability to offer a more competitive rate by inflating rates slightly and offering a larger, higher quality paper.

Adjustments to take account of differences in content give an industry cost curve with the slope of the broken line in Chart 9. The solid line is the cost curve developed from the cost data.

With the modified cost curve, we can see that, as a paper increases in size, it gains even further cost advantages over a competitor if the size and content is standardized. This means that if a larger paper wishes to keep the quality roughly equivalent to a smaller competing paper, if can offer an even more competitive milline rate than is indicated by the current relationships of milline rates in Canada.

Hypothetical Milline Rate Curves in an Individual Market

An even further adjustment must be made if the industry-wide curves are to be used to analyze dynamic conditions in an individual market. To illustrate the point to be made here, the milline rate data from the Toronto market will be used.

Milline rate data are used for this analysis because cost data for each of the papers in the Toronto market were not available. However, we have already

Chart 9
MODIFIED COST CURVE.

concluded that, if "normal" profits are included as part of costs, the share of the milline rate curve corresponds to the milline cost curve. Thus, the use of the milline rate function for this analysis should not materially alter the results.

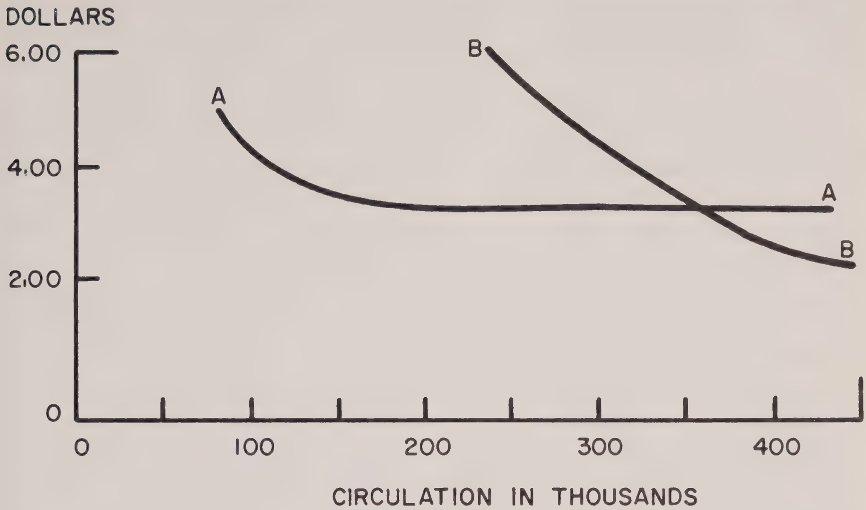
Line AA in Chart 10 indicates the projection of milline rates relative to circulation size based on data for the whole industry. Line BB indicates the projection of milline rates relative to circulation size based on data for the Toronto market.

The slope of the milline rate curve for the Toronto market is substantially greater than the projected rate structure based on the total industry-wide curve. Thus, in an individual market with papers in the same general size range it can be concluded that the scale economies are even greater than has been indicated in the industry-wide data.

There are essentially two reasons for this. First, the industry-wide curve does not take adequate account of the fact that many firms in the industry are operating at much less than optimum capacity. Many of the fixed assets, including buildings and equipment are less than completely divisible. Most presses, type-setting machines, building space, etc., can be used to accommodate a wide range of circulation sizes. As a result, the spreading of these overheads over a larger circulation reduces substantially the per line costs of production.

It is partially for this reason that the Toronto *Star* is able to charge a much lower milline rate than the other two papers. Its larger circulation permits it to make much more efficient use of its overhead capital. Because they are in the same

Chart 10
HYPOTHETICAL MILLINE RATE CURVE IN AN INDIVIDUAL MARKET.



general quality range as the *Star*, the other papers need very similar kinds and sizes of equipment and plant, so total overhead costs would presumably not differ that markedly. However, because the *Star* has a much larger circulation, its costs per line actually distributed are much lower. These lower costs per line directly result in a lower milline rate for advertising.

The second reason for the milline rate curve showing a greater slope in an individual market than for the industry as a whole is that papers with relatively larger circulations and lower milline rates tend to draw relatively larger volumes of advertising per line of total content distributed. As a result, the larger papers can meet costs from an even more greatly reduced milline rate. This is not a cost factor as such, but rather relates to differences in demand for advertising space. The lower price simply draws more advertising space.

COMPETITIVE DYNAMICS FOR DAILY NEWSPAPERS

Up to this point, it has been concluded that the newspaper publishing industry has declining cost-per-unit-of-output as circulation increases. This factor becomes clear when costs are measured in a way that allows them to be compared with rates that are relevant to the advertiser.

We must now carry this result a step further, and investigate the implications of to inverse relationship between costs and circulation for dynamic adjustments in the industry. The general theme of this investigation has already been set out in the discussion of the adjustment process for traditional natural monopolies. However, since the daily newspaper industry has special characteristics already mentioned, the specific adjustment process for newspapers must now be investigated.

First, because daily newspapers tend to be restricted to local markets, the pressure towards monopolies that does arise out of the cost economies from

larger-scale production acts only within the confines of the local market. Second, daily newspapers provide two products, advertising space and editorial content (i.e. news, entertainment, etc.). The thesis respecting natural monopolies suggests that the cost economies that arise from larger-scale production will give rise to instability in the market shares of both of these products.

In the case of advertising space, the argument that this instability exists has already been presented. It has been indicated that when a newspaper increases its share of the circulation, it passes on a large portion of the cost economies to advertisers through lower milline rates. The changes in relative milline rates lead to a shifting of advertising linage to the paper that has implemented a relative decrease in rates. If this paper permits the proportion of advertising linage to total linage to increase from the shift, a further decrease in the milline rates is possible because a larger amount of advertising revenue is being spread over roughly the same amount of non-advertising content.

However, it would appear that from the side of advertising the situation will eventually stabilize with a less equal, but nevertheless stable, division of the advertising market. The changes outlined would only induce further cost economies if the relative decline in the milline rate induced an even larger share of the circulation to switch to the paper with the increased circulation. However the changes in milline rates affect only relative market shares of advertising, and not of circulation. Further cost economies would come only if the changing rates stimulated further increases in circulation for the beneficiary of the initial increase.

It would thus seem that after the air has cleared, the smaller papers will be left with a smaller proportion of the total advertising market, but that they will be in a position to retain a portion of advertising willing to come forward even at a higher rate, because of the need to reach that segment of the market.

However, we must now turn to circulation. A paper that experiences an autonomous increase in circulation should also be in a position to offer the papers to readers at a lower rate. If readers are price conscious, this should induce further circulation increases, further reductions in both the milline rate and the price per paper, further shifts in the share of advertising and circulation, and so on. The dynamic element in this situation should eventually lead to such a wide discrepancy in both advertising rates and price per paper that the smaller papers would find it impossible to draw either advertising or circulation.

In fact, the situation is not this simple. Competing newspapers do not generally adjust the price of the paper to readers as relative shares of circulation change. Those that make gains in circulation find that decreases in price do not have much effect on circulation. Those that experience losses in circulation find that circulation can be badly affected by price increases. Thus, even though two papers in the same market have relatively marked differences in circulation, the price to readers usually does not differ.

It is now natural to question whether the newspaper situation should, in fact, be as unstable as other natural monopoly situations. What would lead to a further magnification of discrepancies in circulation through time if the price to readers is not adjusted to take account of cost economies?

The answer to the question is that generally part of the gains from decreases in cost accompanying circulation gains is used to make qualitative improvements in the paper and part is used to increase the paper's own promotional program. Since future cost economies and gains in advertising receipts depend on a large share of circulation, the larger paper will usually increase its expenditures on factors that tend to add to circulation.

Such circulation-increasing expenditures usually fall into two categories: expenditures on content improvement (e.g., syndicated features, news staff, etc.) and expenditures on promotion.

The smaller paper, on the other hand, is not in a position to match such expenditures without increasing its milline rates. This would only lead to enlarged discrepancies in milline rates. Differences in circulation do tend to generate greater differences in circulation, simply by virtue of the fact that a smaller paper is under great pressure to keep its milline rate as low as possible so as to minimize the discrepancy between its own milline rates and those of the larger paper. As a result, it must keep expenditures on both content and promotion to a minimum. The larger paper has a great deal more flexibility in its rate-setting policy, since the smaller competitor is in no position to offer a competitive milline rate. As a result, the larger paper can maintain a somewhat higher rate structure and incur extra expenditures on the content and promotion sides. This gives the effect of generating greater and greater discrepancies in circulation shares.

These basic economic facts have led to a situation in which most cities are now served by only one daily newspaper. Most cities of any size in North America started out as multiple newspaper cities. The basic economics of newspaper publishing dictated that it was almost impossible for this situation to be maintained. It was almost inevitable in all of these cases that, for quality, social, political, or management reasons, one paper would at some time gain a larger share of the reading market than another.

Such a development puts the smaller paper under pressure that eventually leads to its collapse. Basic conditions of cost make its virtually impossible for the smaller paper to present a product of comparable quality and a milline rate competitite with the larger paper. The smaller paper will have a higher milline rate even if it cuts costs to the absolute minimum. This causes a shift in advertising volume to the larger paper as advertisers endeavour to obtain the lowest-cost coverage. The smaller paper will get advertising only from those advertisers who want total market coverage even at the expense of some duplication; or who for some special reason want coverage in the specific segment of the market covered by the smaller paper. These pressures on the relatively smaller paper lead to declining profits, heavy pressure to keep rates down in order to remain competitive, sacrifices in quality and content because of declining profits and pressures on rates, declining circulation relative to the larger competitor, further relative changes in milline rates due to increasing discrepancies in circulation, and eventually financial collapse. This pattern has materialized in city after city across North America. Indeed it is a pattern which must characterize the daily newspaper industry, wherever there is a free-enterprise press, generating its revenue from the sale of advertising space.

There can be no doubt about the facts. A newspaper industry that operates under competitive market rules inevitably becomes an industry characterized by local market monopolies. Of course, defenders of the competitive system will be quick to point out that in fact there are cities in Canada with a competitive press. But each of these situations is a fact that is explained later.

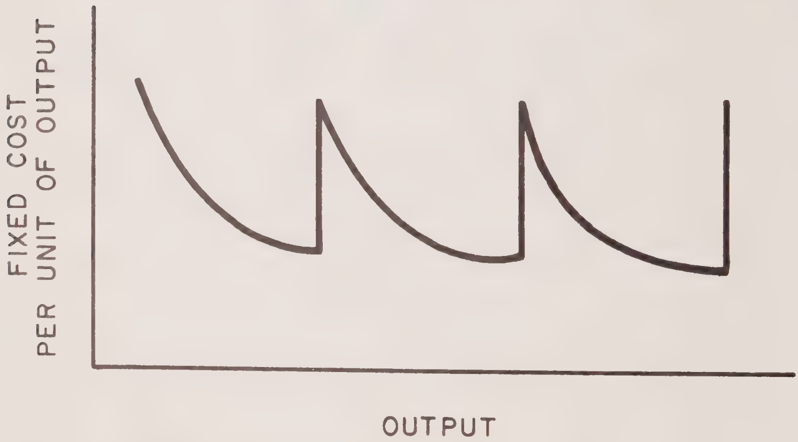
CAUSES OF COST ECONOMIES

The cost economies revealed in the immediately preceding sections of this report are relatively easily explained. The circulation of a daily newspaper can be expanded throughout any relevant size range without incurring directly proportional increases in total costs. It is this basic fact that yields an industry cost curve that slopes monotonously downward to the right.

When costs are broken out for separate departments in a daily newspaper operation, the underlying reasons for this become more obvious. With the exception of circulation, distribution, and material supply costs, all costs in newspaper publishing behave, to varying degrees, as overhead costs. Overhead costs vary relatively little in total within quite wide ranges of possible output.

Over somewhat larger ranges of output, some overheads do increase as output increases, but such increases usually take the form of discrete jumps as a maximum output is reached within any given level of overheads. As a result, some overhead costs per unit of output behave in the following fashion.

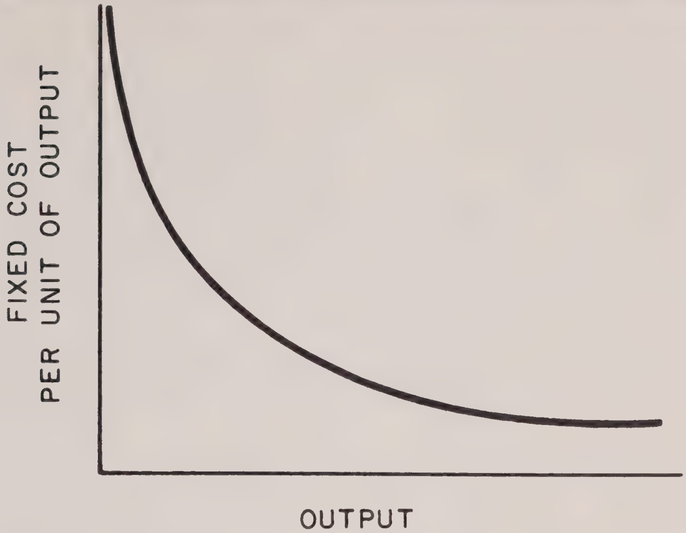
Chart 11
COST PER UNIT OF OUTPUT FOR LARGE-SCALE OPERATIONS.



Some overhead costs can be spread over a larger volume of output with almost no limitations. If this is true the cost per unit of output declines throughout the whole range of output. The pattern of costs per unit of output for costs of this sort is shown in Chart 12.

In newspaper publishing, both types of overhead costs tend to be extremely important. In addition, the former types of overhead costs also take on

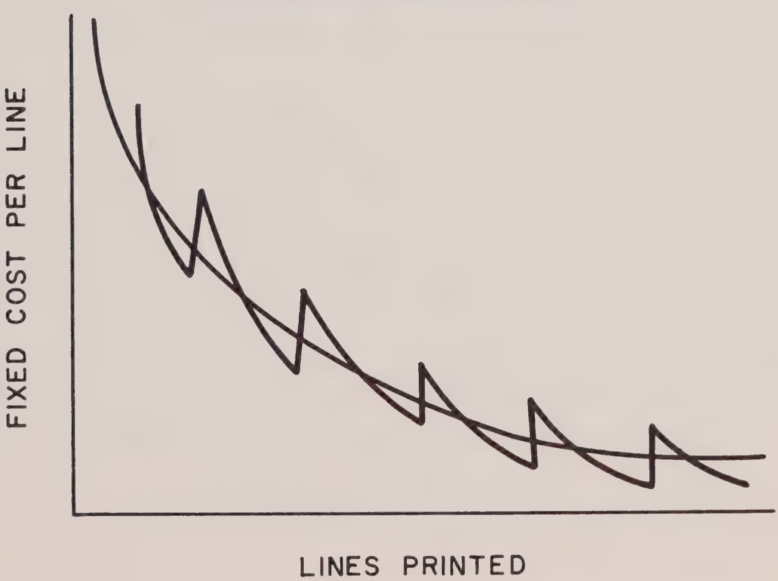
Chart 12
DIMINUTION OF COST PER UNIT FOR LARGE-SCALE OPERATIONS.



characteristics of the latter. This means that some types of capital (e.g. press, buildings) must, at the upper end of a certain range of output, expand in large discrete jumps; but that the expansion on a cost per unit of output basis is not as great as it was at the upper end of the immediately preceding range of output.

As a result, in newspaper publishing, an industry cost curve with the following form emerges.

Chart 13
NEWSPAPER – THE COST CURVE.



An examination of the data from a number of daily newspapers in Canada shows that outlays in practically every department of a newspaper take on the form of fixed overhead costs, manifested in terms of behavior similar to that outlined here.

The underlying reason for this behaviour of costs is relatively simple. Once the basic format and content for a day's paper is established, and once the type is set and the printing plate made, the number of copies of the paper printed can be increased to an almost indefinite level without generally requiring any significant addition in total outlay on labor and equipment. It takes essentially the same amount of editorial and news staff time to put together a story (given equal quality) for a paper with a circulation of 100 as it does for a paper with a circulation of 100,000. The same is true for the sale of advertising space and the production of the advertising content.

Likewise in the stereotype and composing departments. For a paper of a given size per issue, very close to the same total expenditures on labor and equipment will suffice regardless of the circulation.

In some departments, such as in the business office and press room, periodic increases in total expenditures on labour and equipment must occur as the circulation size increases.

However, there is generally a significant degree of excess capacity prevalent in any operation, particularly in the press room. Even among the larger papers, the press may not actually operate more than four or five hours per day. On average, actual press time is from one to three hours per day. Since staff must be employed on a regular daily basis, there is a corresponding excess capacity in staff. Increases in circulation more fully employ both equipment and staff, reducing costs per column or line actually printed.

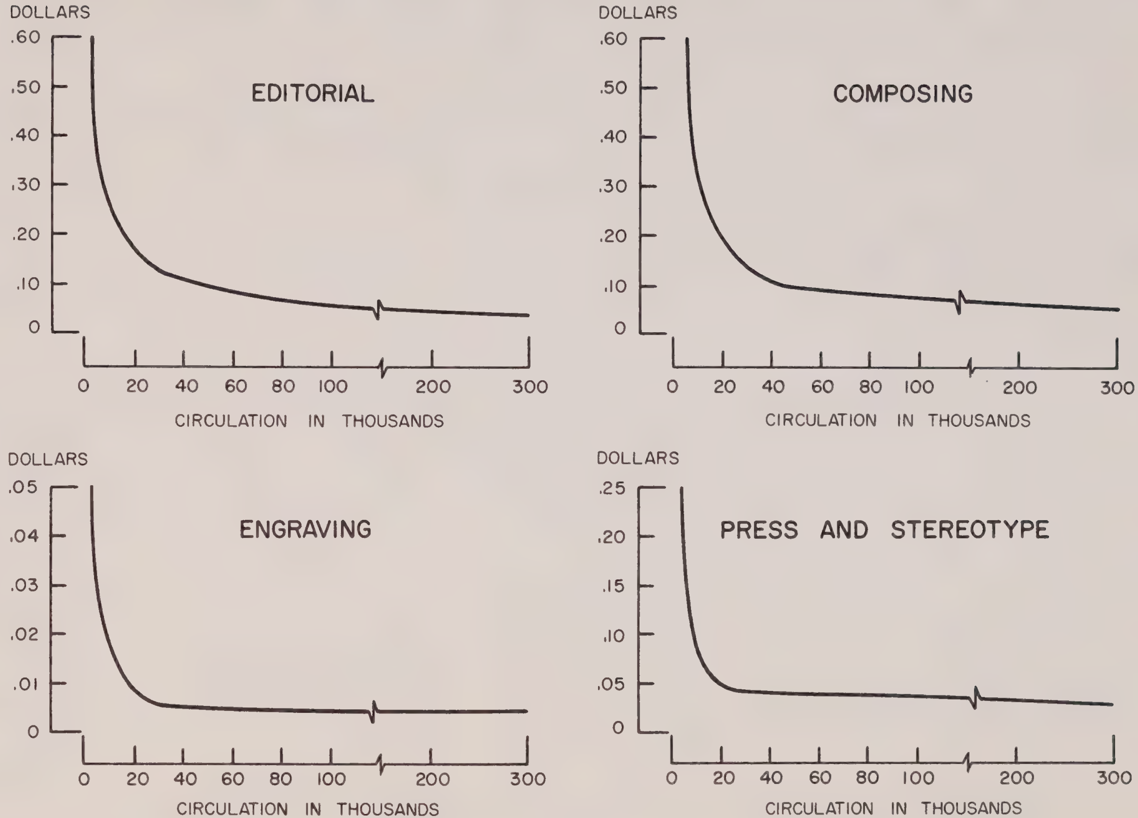
In the business office the excess capacity is generally less apparent, but nevertheless it is true that circulation can generally be expanded significantly without markedly increasing total expenditures.

There are only three classes of inputs that do not manifest the type of cost behaviour so far outlined. These are circulation costs, distribution costs, and material inputs. On the circulation and distribution side, some scale economies are possible, but these are not nearly as certain to develop or to be as significant as for the others. On the side of material inputs such as ink and newsprint, very little if any direct cost economies arise from increasing circulation. Increases in expenditures on newsprint and ink generally occur in direct proportion to increases in circulation.

It is possible that larger papers obtain some economies on newsprint and ink through a price advantage resulting from quantity purchases. Indications are, however, that the price of newsprint is tightly controlled in Canada, and that the same price prevails for all buyers. Nevertheless, it is true that in the United States volume discounts to large papers are not unknown. Since the large newsprint companies are the same in the United States and Canada, it would not be surprising if such deals are also available in Canada.

Chart 14

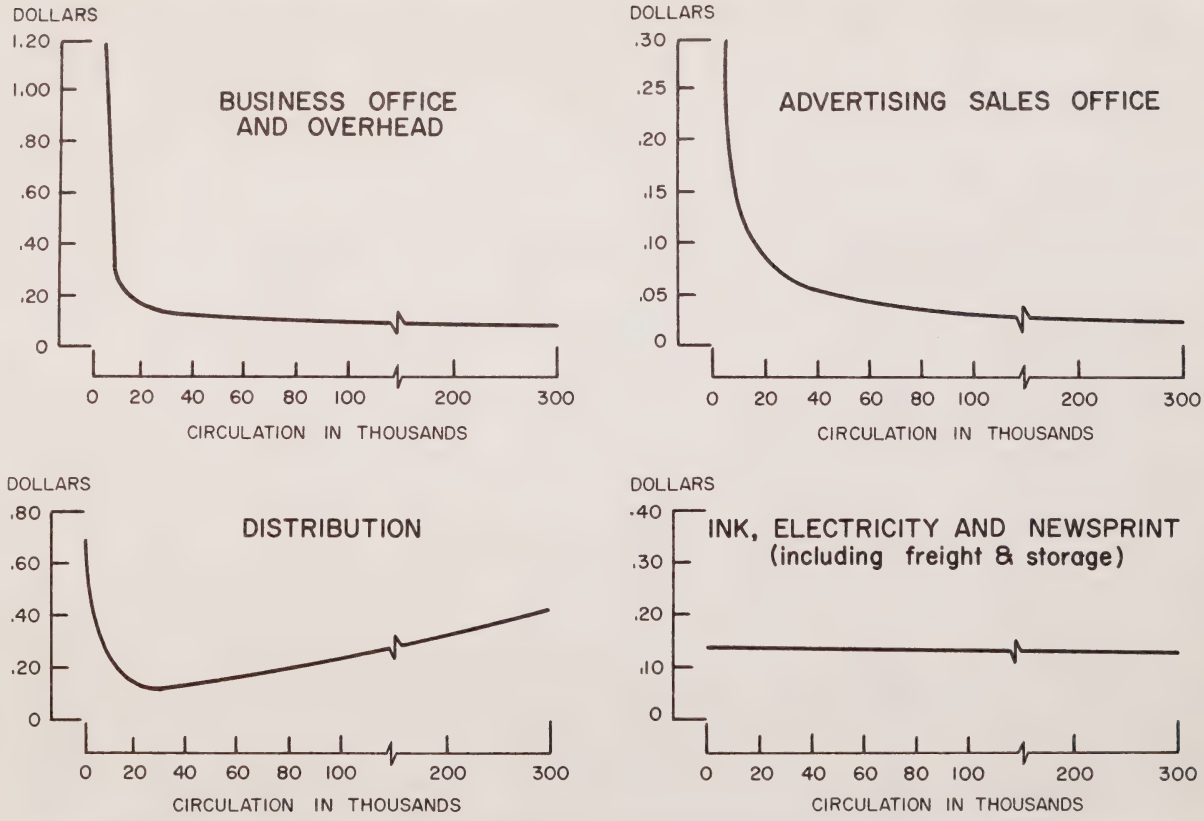
DAILY NEWSPAPER – COST PER THOUSAND COLUMNS BY CIRCULATION, 1968.



SOURCE: Special Survey.

Chart 15

DAILY NEWSPAPERS – COST PER THOUSAND COLUMNS, BY CIRCULATION, 1968.



SOURCE: Special Survey.

WHY DO CERTAIN CITIES CONTINUE TO HAVE COMPETING NEWSPAPERS?

It has been all but concluded in this report that immutable economic forces in the newspaper publishing industry lead to the development of local market monopolies. In view of this conclusion, some reasons must be offered for the continued existence of two or more daily newspapers in a number of Canadian cities.

It must first of all be recognized that the cost factors unique to this industry lead to local monopolies provided that effective competitive rate setting is permitted to operate. In a number of cities, the use of combination rates has subverted these competitive forces. The use of combination rates is a form of collusion that prevents competitive rate setting. By stifling competitive rate setting, the shifting of advertising market shares due to rate differentials is not a factor.

This stifling of competition helps to maintain the existence of two or more papers in a market, but generally such co-operation can arise only if there is some common interest in keeping both papers operational. In Canada, this common interest without exception arises out of common ownership. One can legitimately raise some questions about the redeeming social value of having two papers in a market if they are both owned by the same entrepreneur.

Setting aside the cases in which combination rates exist, the following cities in Canada have two or more papers: Calgary, Winnipeg, Ottawa, Toronto, Montreal, Sherbrooke, Quebec City, Moncton, and St. John's.

One of the conditions that can make it possible for a smaller paper to remain operational is the existence of a certain segment of the population to which a paper has gained dominant access in terms of circulation. The most clearly defined factor creating such access is language. It is also necessary that the people who speak that language show a clear preference for a paper published in it.

The language factor explains the existence of one of the papers in each of Ottawa, Toronto, Sherbrooke, Quebec City, and Moncton. Each of these cities contains a large enough, minority language-group for advertisers to continue to support a paper sufficiently for its survival, even if the cost per potential consumer reached is higher than for competing papers in the majority language group.

In terms of cities with competing papers in the same language, only Calgary, Winnipeg, Ottawa, Toronto, Montreal, Quebec City and St. John's remain. Sherbrooke and Moncton drop out by virtue of having only one paper in each language.

Calgary, Winnipeg, and Ottawa

These cities stand out as a group for one compelling reason. Each of the cities has two competing papers, and in each case one is owned by Southam and one by F.P. Both of these companies are large and have access to considerable capital resources.

In Calgary and Winnipeg, circulations of the competing papers differ markedly, and the milline rates reflect these differences. In Ottawa, the circulations are very similar as are the milline rates. Thus, in all cases advertising rates appear to be set very much in accordance with costs.

Table 89. Milline Rates and Circulation, July, 1969

Paper	Group	Circulation	Milline Rate
Calgary *Albertan*	F.P.	35,502	6.94
Calgary *Herald*	Southam	94,956	3.79
Winnipeg *Free Press*	F.P.	133,846	3.36
Winnipeg *Tribune*	Southam	74,015	4.59
Ottawa *Journal*	F.P.	78,318	3.58
Ottawa *Citizen*	Southam	80,521	3.65

Two questions must be answered regarding this group of papers. First, why has the larger paper in each city not taken advantage of its greater revenue generating power to finance a circulation drive aimed at putting its competitor out of business? Second, why have advertisers in Calgary and Winnipeg continued to support the paper with the higher milline rate sufficiently to permit continued publication?

The most important factor restraining an all-out battle for circulation is that the papers are group owned, and the same two groups are involved in each of these cities. The fact that the papers are group owned means that each paper is backed by tremendous capital resources and these could be used to withstand a prolonged, costly and ever-escalating circulation battle. Such a battle could become so costly and so prolonged as to make it truly doubtful as to who would be the true winner. As a result, there appears to be agreement that such a circulation battle would be unwise. (It is rumoured that this agreement has at times been formalized in writing to prevent the use of certain types of circulation-generating techniques.)

In addition, if such a battle were initiated, the victorious group in Calgary would probably be Southam, while in Winnipeg it would probably be F.P. No formal understanding is required to make it clear to F.P. that if it decided to undertake an all-out effort to destroy the circulation base of the *Tribune* in Winnipeg, Southam would be inclined to respond in kind by attacking the circulation base of the *Albertan* in Calgary, and vice versa. Considering costs and probable consequences, it is no doubt clear to both groups that a policy of "live and let live" is indeed the only enlightened one.

It is also probably true that advertisers in Calgary and Winnipeg have adopted a relatively generous attitude to each of the smaller papers.

In Ottawa, where both milline rates and circulation are close to equal, there is very little pressure toward a spread in market shares of advertising. Costs are comparable, and mass coverage requires advertising in both papers. As a result, as long as no paper gains a significant advantage in circulation, and no paper attempts to do so, both papers are likely to remain strong and viable.

Of these three cities, the most unstable situation would appear to be in Calgary. The continued existence of the *Albertan* would appear to depend primarily on the goodwill of advertisers. A loyal and isolated circulation helps, but the large

discrepancy in milline rates makes it doubtful if the *Albertan* would remain viable if there was not a great deal of goodwill between advertisers and the *Albertan* and/or its owner.

Toronto and Montreal

The situation in the large metropolitan areas of Canada is different to that in other urban areas. A number of factors contribute to this:

1 The very size of the market makes it likely that the adjustment towards a monopoly situation will be slower. Even when fairly large discrepancies arise in shares of both advertising and circulation, it is still possible for the smaller papers to have a sufficiently large revenue base to remain viable over a long period of time.

2 The very size of the individual papers and their access to capital resources probably mutes the forces of competition. For reasons already discussed, circulation battles can be costly, particularly if each of the competitors has the financial resources to prolong the battle indefinitely. Somewhat related to this, it is possible that the publishers themselves feel no compelling desire to force competitors out of business. As long as the larger papers remain profitable, there is no particular reason why a competitor should become an overriding concern.

3 Each of the papers in these centres appear to have clearly defined and self-contained circulation. Duplication of circulation is not an important factor. Each paper has been clearly differentiated in the eyes of readers, and readers do not show a strong tendency to switch papers or duplicate subscriptions.

There are many reasons for the strong and loyal support that each paper obtains from segments of the community. Part of it is historical, resulting from long traditions of individual and family loyalty to a particular paper. Part of it also lies within the realm of social and political ideals – large urban centres can provide large enough bases of people with like ideals to ensure circulation support of a paper that meets their approval.

In the final analysis, the existence of competitive papers in the large metropolitan centres still rests on size and on absence of significant duplication in circulation. As long as each paper can maintain a relatively large readership with unduplicated circulation coverage, advertisers will still direct business to the smaller papers, even if such advertising is more costly. Advertisers cannot afford to ignore 50,000 to 100,000 potential customers.

However, the one single factor that would destroy a paper like the *Toronto Telegram* would be to have advertisers begin to believe that the *Telegram* was a second paper in many homes. If this were to happen, advertisers would refuse to accept this necessity of higher-cost advertising in the *Telegram;* and the *Telegram's* share of advertising would in all likelihood go into a disastrous decline.

This very general discussion of the situation in Montreal and Toronto does not do justice to two of the most interesting newspaper centres, from the point of view of competition, in North America. Unfortunately the scope of this study does not permit a detailed investigation of the forces at work in each of these markets. In addition to purely economic factors, such a study would have to include an historical, social, and political study of the communities, and a content and quality study of the papers.

Quebec City and St. John's

The continued existence of *L'Action* as a French language competitor to *le Soleil* in Quebec City is relatively easily explained. It is understood that *L'Action* is heavily subsidized by the Roman Catholic Church. If the paper had to compete on a free enterprise basis, it probably could not survive. In the case of St. John's, Newfoundland, it is doubtful if the *News* will continue publication. It would seem to be only a matter of time before the forces of competition prove too strong.

ECONOMIES OF GROUP OWNERSHIP

Scale Economies Under Group Ownership

Individual market monopolies are not only the concern in respect to concentration in the daily newspaper industry. The growing trend to group ownership has been cited as another.

The discussion of economies of scale in the preceding section does not apply with the same force to different newspapers within the same group. Many of the important scale economies in newspaper publishing are restricted to each individual establishment. They arise largely because the same basic content can be produced at a much lower per unit cost for a paper with a large circulation than for a small circulation. Generally speaking, individual papers within the same group have different content, making it more difficult to take advantage of these economies.

However, the centralization of certain functions among groups has permitted papers that are part of groups to take advantage of certain economies. These functions fall into three categories: news gathering, advertising sales, and management.

Because individual papers within each group are in almost every case located in different urban centres, the centralization of news gathering is possible only for regional, national and international news. There is a great deal of variability in the extent to which each of the groups have centralized such news gathering. By and large, the economies to be gained from such centralization have not been that extensive, although quality or relevance to readership may be enhanced. Most of the economies possible in news gathering have already been developed and made available by the wire services.

Most of the groups operate their own advertising sales division. This permits them to gain some economies in the sale of national advertising.

For most group papers, the greatest economies arise out of the superior management skill that groups can provide. Groups can afford to pay salaries required to retain high-quality management people, since the costs of this skill can be spread over a wider circulation. A group like Thomson's stands the most to gain from this factor, since it has many small papers which could not possibly retain such management skills if each were independent. By bringing top decision makers together within a central business office, the cost per paper required to support this skill is much reduced.

Generally speaking, it appears that most of the economies that group papers obtain are not passed on to advertisers. Rather, these economies are used to increase the general profitability of the papers, making them stronger and more viable units.

Access to Capital

Generally speaking, papers that are sold to groups existed as independents before the sale. There are very few cases of a paper having been transferred from one group to another.

One of the main factors that gives the large corporate groups an advantage over independent individuals or small corporations in the purchase of newspapers is their ability to raise capital. Very few daily newspapers in Canada today with a circulation of over 15,000 could be purchased for less than $500,000. The price of most larger urban papers would be quoted in the millions.

The ability to raise these amounts of capital generally rests only with large corporations. Corporations have access to capital of three types: fixed payment loans; shareholder equity; and retained earnings.

Large corporations have an advantage over small corporations or individuals in terms of fixed payment loans by virtue of both their ability to offer greater collateral, and their ability to carry a higher ratio of debt to assets with less risk. The collateral factor is obvious. Availability and terms are much less restrictive if the borrower has collateral greatly in excess of the amount borrowed.

A greater debt load can generally be carried by large corporations due to their ability to refinance if the burden imposed by repayments becomes too great. An individual, on the other hand would generally be required to repay loans in fairly short order, and would face great difficulty in refinancing the debt if the payments become too burdensome. The main explanation for the greater ability of large corporations to refinance lies in preferential treatment provided them in the capital market. Temporary difficulties for a large, established firm are usually considered to be short run; whereas smaller operations are generally more suspect when difficulties arise.

Large corporations also tend to have an advantage in raising equity capital from shareholders. Public corporations can issue more shares when extra capital is required. Large private corporations have the alternative of going public if they choose. This alternative does not generally exist for small private corporations, simply by virtue of the fact that they are not well enough known or trusted to attract investors at a reasonable price-to-earnings ratio.

Equity capital has two significant advantages. One is that for some types of shares the person who provides the capital also assumes the risk. The second is that it is often a low-cost means of raising capital, particularly if an optimistic stock market inflates share values as a multiple of earnings. In these situations, earnings going to new shareholders will impose less burden on existing shareholders relative to capital raised than payments on fixed debt.

One of the biggest advantages that groups have in raising capital arises out of their access to retained earnings. The structure of the tax system has encouraged profitable corporations to build up larger and larger stocks of retained earnings. By

not distributing all of the earnings, the personal income tax charges to shareholders is postponed until such time as the earnings are distributed. Meanwhile, the growth in the value of the retained earnings is reflected in the growth of the value of shares; and in the growth of a fund of capital within the corporation needing profitable employment.

Newspaper publishing groups have been no exception. The result is that large newspaper publishing companies must seek profitable ways of employing their capital reserves. Given that newspaper publishers know how to make an extra dollar in their own business better than in any other, that newspaper publishing is a profitable business generally, and that opportunities to start new papers are limited, it is natural that corporations successfully built around newspapers are constantly looking for established newspapers to purchase. In fact, it would be fair to say that they are forced into doing so. As a result, groups are generally the most anxious and generous bidders when a newspaper comes up for sale.

The accumulation of retained earnings also lends force to the movement in the direction of multi-media ownership, and to the movement of conglomerates into a wide range of business activities, including publishing. The particular aspect of the tax structure which gives rise to this factor means that large and profitable companies have ready and preferential access to a large fund of available capital. Smaller corporations with small retained earnings have no equivalent means of offering capital holders postponement of personal income tax as a result of making their capital available for investment.

Since public companies have an indefinite life, the actual postponement of the income tax on these retained earnings is likewise for an indefinite time. The present value of the future tax payment thus becomes almost negligible, meaning that practically all of the value of the retained earnings can be realized by a shareholder in the form of a capital gain by selling his shares.

If the capital gains tax proposals contained in the White Paper on Taxation are enacted, there could be some change in this situation. The pressure to build up retained earnings might not be as strong with a capital gains tax, and thus neither would the pressure to find profitable outlets for these earnings.

Group Ownership as a Countervailing Force

Another factor that tends to encourage group ownership is the threat to the existence of smaller papers in a market with two or more papers. The role of groups in these situations arises directly out of their access to large capital resources.

In a competitive situation, the smaller paper always faces the danger of extinction if the larger paper launches an all-out attack on its circulation base. If the smaller paper is independently-owned, the larger paper may feel great temptation to enter into such a circulation battle. Given the limited capital resources of the smaller paper, it might find it extremely difficult to offer any effective defense.

The capital value of smaller papers in these situations is greater under group ownership than it is under independent ownership. This is because a group has the resources to respond to an attack on circulation. As a result, larger papers are often

willing to call a formal or informal truce when a group buys up its competitor. This stabilizes the situation, and increases the future potential for continued profitable operation of the smaller paper. For this reason, groups can offer a more attractive price to independent papers that are in competition with other papers.

The ability of groups to raise the capital to finance a strong, prolonged, and costly battle between two competing papers means that a truce is often called when a group enters the battle. This leads to a somewhat perplexing conclusion. In certain situations, if market shares are to be stabilized sufficiently to allow two or more papers to remain viable, groups must own the papers. The tendency to one form of concentration (local monopoly, for example) can be effectively countered only through the power inherent in another form of concentration (group ownership, for example).

The Drive for Acquisitions

One other factor that tends to give impetus to greater concentration of ownership within groups is the tremendous acquisitive nature of some individuals and corporations. The growth ethic is one which cannot be explained wholly in terms of economics.

Corporations in particular appear to feel a strong urge to grow. Partially it is based on a desire to be able to introduce new human talent; partially it is based on the relationship between growth and profitability; partially it is based on the desire to maintain or increase the power relationship with other corporations; and partially it is respect and attachment to "bigness." The whole growth ethic is one worthy of independent investigation. However the scope of this study permits nothing more than recognition of its presence and power.

Section Three : THE BROADCASTING INDUSTRY

Chapter 1:

ENDS AND MEANS

By the beginning of 1970, the radio broadcasting industry in Canada consisted of 395 AM and FM stations, together with repeater units designed to provide coverage in pockets of settlement that would otherwise lack a strong signal. Table 90 shows, as of February, 1970, the number of stations in each province, with CBC network ownership and affiliation.

Table 90. Canadian Radio Stations as of February, 1970

Province	Number of Stations	CBC Owned	CBC Affiliate	French Language
CANADA	395	45	119	84
British Columbia ...	58	4	27	1
Alberta	29	2	4	1
Saskatchewan	22	2	3	3
Manitoba	19	3	5	1
Ontario	125	7	37	8
Quebec	79	8	31	69*
New Brunswick	15	5	5	3
Nova Scotia	21	2	6	0
Prince Edward Island	3	1	1	0
Newfoundland	18	7	0	0
Yukon	2	1	0	0
Northwest Territories	4	3	0	0

*Two of these stations are bilingual
SOURCE: C.R.T.C. Annual Report, 1969-70

Altogether, 164 stations are owned by or affiliated with the CBC. A total of eighty-four function exclusively in the French language. The CBC owns forty-five radio stations, including both AM and FM as separate units. French-language radio is concentrated largely in Quebec (sixty-nine of eighty-four French stations), but the stations were providing "full service," by 1970, to 80 per cent of the Canadian population.

The Canadian television industry is characterized by the large number of privately-owned stations combined with public ownership of the major network. Of the seventy-seven stations in Canada, sixty-one are members of the CBC television networks. (Table 91)

Table 91. Canadian Basic Television Stations as of March, 1970

Province	Total	Network Affiliation CBC	CTV	Independent
CANADA	77	61	12	4
British Columbia	8	7	1	0
Yukon	1	1	0	0
Alberta	7	5	2	0
Saskatchewan	7	6	1	0
Manitoba	5	4	1	0
Ontario	19	15	3	1
Quebec	17	13	1	3
New Brunswick	4	3	1	0
Nova Scotia	3	2	1	0
Prince Edward Island	1	1	0	0
Newfoundland	5	4	1	0

SOURCE: C.R.T.C.; CBC.

The CTV network has only recently purchased an interest in one of its member stations. It includes twelve privately-owned affiliates in the largest urban markets: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Ottawa, Kitchener, Toronto, Montreal, Moncton, Halifax, St. John's. In eleven of these centres, the CTV outlet provides alternate service with the CBC.

Fifteen television stations programme entirely in French. Only four – in Edmonton, Winnipeg, Ottawa, and Moncton – are located outside Quebec. Apart from three independent stations, all outlets are affiliated with the CBC French Network. Six are wholly-owned by the network. There are no French stations in the CTV network.

To provide service in remote communities many of the seventy-seven major stations have developed satellite facilities. Over two hundred rebroadcasting stations are now in operation, with as many as twenty-four repeater units linked to a single major transmitter.

In the analysis of revenue, costs, and profitability in the broadcasting industry that follows, data relating to radio and television have been aggregated and much greater emphasis has been given to television than to radio for a number of obvious reasons. Television is by far the more important of the two media, economically speaking, and radio has already been studied carefully by various government bodies, the reports of which are in the hands of the Special Senate Committee on Mass Media.

Chapter 2:

REVENUE

NATURE OF TELEVISION ADVERTISING

The choice of television as an advertising medium depends basically on two factors: first, the size of the advertising budget available to a firm; and second, the nature of the products sold by the firm.

Television is a costly form of advertising relative to radio and newspapers.[1] For example, the cost of a sixty-second spot announcement[2] during prime time is $475 on CBLT-TV and $550 on CFTO-TV. By comparison, a sixty-second spot announcement,[2] also during prime time, on radio stations CFRB and CHUM, costs $150 and $85 respectively. The high costs of television advertising mean that only companies with very substantial advertising budgets will be able to afford to use this medium effectively. The high costs involved in television advertising may be justified on the grounds of its greater effectiveness in the promotion of products that rely heavily on package identification or that require a visual demonstration of the product and/or product use.

The heaviest users of television advertising are large business firms that sell only slightly differentiated "brand" products. Some typical examples of these firms are manufacturers of breakfast cereals, soaps, and toilet preparations and such household products as detergents, floor waxes, etc. This is illustrated by Table 92 which shows the ten largest television advertisers in Canada in 1967, and the percentage of their total advertising budgets channelled into television advertising. It is significant that all but one of the top ten advertisers produce the types of commodities described above and, also, spent more than two-thirds of their total advertising budgets on television.

SUPPLY OF TELEVISION ADVERTISING

In contrast to a continuously expanding demand, there are a number of limitations on increases in the supply of television advertising. These limitations fall

[1] Although the cost-per-minute of television advertising is high, television's ability to attract very large audiences often brings the cost per viewer to an extremely low level.

[2] *C.A.R.D.*, August 1970.

Table 92. Television Advertising Expenditures in 1967

Advertiser	Program	Network Announcements	Selective Announcements	Total Television	Percentage of Total Adv'tg Budget Spent on Television
	Dollars	Dollars	Dollars	Dollars	Dollars
Procter & Gamble	4,467,100	561,700	1,335,500	6,364,300	98.9
General Foods	1,792,600	508,600	2,742,200	5,043,400	87.6
Colgate-Palmolive	775,500	38,200	1,935,000	2,748,800	89.3
Lever Brothers	478,700	584,400	1,125,900	2,189,000	86.7
American Home Products	574,500	229,500	1,360,400	2,164,400	88.4
Kellogg Co.	903,500	330,200	923,100	2,156,700	70.2
Warner-Lambert	124,600	553,500	1,205,500	1,883,700	88.8
Sterling Drug Ltd.	1,264,800	–	553,400	1,818,000	68.1
General Motors	1,247,100	135,900	423,700	1,806,700	19.9
Kraft Foods	1,569,200	–	188,900	1,758,100	58.0

SOURCE: *The Canadian Broadcaster*, April 25, 1968, pg. 121.

into two broad categories: those imposed by the nature of the medium, and those imposed by legislation and network-policy decisions.

In the first place, the television broadcasting industry is faced with the purely technical constraint of a relatively small number of channels available for television broadcasting. Secondly, the theoretical limit on the maximum amount of time available for broadcasting is twenty-four hours in a day. In fact, most television stations are on the air between one hundred and one hundred and twenty hours a week, since a station will not have a viewing audience for twenty-four hours a day. Furthermore, even in the absence of any regulations, the major proportion of air-time would have to be devoted to "entertainment" in order to attract an audience and only a relatively small proportion of the total broadcasting time could be devoted to advertising.

A major difference between broadcast advertising and newspaper advertising is that in newspapers the amount of space that can be devoted to advertising is theoretically unlimited. It is common for a newspaper to expand substantially the amount of space devoted to advertising when conditions warrant it. Furthermore, the amount of space devoted to advertising can be increased without reducing the amount of space devoted to news stories, feature articles etc. In television broadcasting, on the other hand, if an extra minute per half hour is devoted to commercials, the time available for "entertainment" is reduced by one minute.

Since television broadcasting involves the granting of a limited number of channels to selected interests, regulations have been established, in the public interest, to limit the number of minutes an hour that may be devoted to advertising. The C.R.T.C. currently allows a maximum of twelve minutes of commercials an hour.[3] The CBC's policy with respect to commercials during network programming is even more restrictive than the regulations imposed by the C.R.T.C. The CBC generally allows only four minutes of commercials during a half-hour period, supplemented by a limited amount of selective advertising by CBC-owned and affiliated stations during network breaks. Furthermore it has adopted a policy that certain types of network programmes such as news, weather, and public affairs are not available for sponsorship, although this policy has been stretched increasingly in recent years.

SOURCES OF ADVERTISING REVENUE

The television broadcasting industry obtains the major proportion of its revenue from national advertising. Between 1963 and 1968, an average of 80.0 per cent of net total television advertising revenue was obtained from national advertising, compared to 41.5 per cent for radio and 25.5 per cent for daily newspapers. Table 93 presents a breakdown of total television advertising revenue into national advertising and local advertising components.

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[3]The twelve minutes per hour allowed by the C.R.T.C. does not include station and network identification. Five interruptions for advertising material are permitted per hour. If all twelve commercial minutes in an hour have been sold, one thirty-second unpaid public service announcement is permitted.

Table 93. Television Net Advertising Revenue, 1963 – 68

Year	Total	National	Local	National as percent of Total
	Dollars	Dollars	Dollars	Per Cent
1963	70,232,000	55,112,000	15,120,000	78.5
64	80,662,000	64,603,000	16,059,000	80.1
65	91,559,000	72,808,000	18,751,000	79.5
66	100,392,000	81,568,000	18,824,000	81.2
67	111,300,000	90,200,000	21,100,000	81.0
68	118,000,000	94,000,000	24,000,000	79.7
Total 1963-68	572,145,000	458,291,000	113,954,000	80.1

SOURCE: Maclean-Hunter Research Bureau.

Television stations, especially those located in the major metropolitan areas, apparently also receive a substantial proportion of their total revenue from advertising carried during prime time. Industry estimates place this proportion at between 60 per cent and 70 per cent of commercial revenue for large stations and between 40 per cent and 60 per cent for medium-sized and small stations.[4]

SUPPLY AND DEMAND ANALYSIS

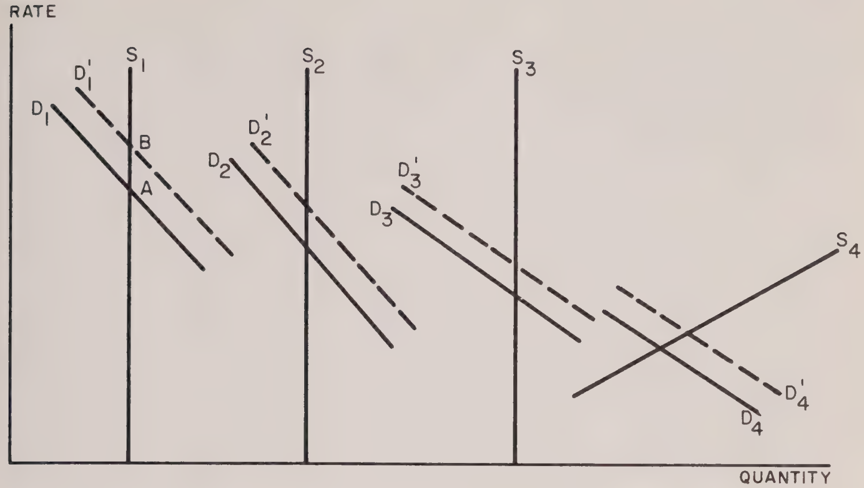
The nature of the "product" involved in television advertising, namely air-time, renders any supply and demand analysis extremely difficult. In the first place, there exists a definite product differentiation between air-time in the prime-time category and the non-prime time category. There are separate demands and supply schedules for these two basic time-classifications, even though they both involve television advertising. To complicate matters further, since television broadcasting is highly localized, different demand schedules may prevail in different regions. As a general rule, the demand for television air-time varies directly with the population in the broadcasting area. Various regions may also have substantially different supply schedules, because stations in all areas do not broadcast for the same number of hours in a day.

In addition, the other mass media, radio and newspapers, are perfectly acceptable substitutes for television advertising. It is impossible to determine how perfect or imperfect these substitutes are, since this involves essentially a subjective decision on the part of the advertiser. There is really no objective method for placing a value on the greater effectiveness, if any, possessed by television in persuading people to purchase an advertised product. It is obvious, however, that both radio and newspapers do fulfill the primary aim of advertising, namely that of reaching a large number of people more or less simultaneously.

The general supply and demand conditions that exist in mass media advertising may be illustrated by means of a simple chart. (Chart 16)

[4] O. J. Firestone, *Broadcast Advertising in Canada*, pg. 103.

Chart 16
ADVERTISING – SUPPLY AND DEMAND.*



***Where S_1 is the supply of prime-time television advertising; S_2, supply of non-prime-time television advertising; S_3, the supply of radio advertising; S_4, the supply of newspaper advertising; and D_1, D_2, D_3, and D_4, the repective demand curves.**

As the demand curve for prime-time television advertising shifts upward from D_1 to D_1^1, this shift will apear as an increase in television advertising rates from A to B, since the supply, S_1, is fixed. As a result of this rate increase, smaller advertisers who cannot afford these higher rates will shift out of prime-time into non-prime-time television advertising and will be replaced by larger advertisers. The advertisers who shift into non-prime-time will, in turn, raise the demand curve for air-time in this category from D_2 to D_2^1. Eventually, even non-prime-time television advertising may become too expensive for certain advertisers, and they will be forced to use newspaper or radio advertising. The only instance in which supply can increase in response to rising demand occurs in the case of newspapers.

In such a situation of rapidly expanding demand and a limited supply, it is inevitable that a considerable amount of pressure will be exerted on prices. This in effect has been the case with respect to television advertising. There has been a considerable increase in station time rates, particularly for prime time and in the larger metropolitan areas. Table 94 shows the increases in station time rates during prime time for selected stations in various size categories.

Similarly, there has been a substantial increase in network advertising rates. In April, 1969, the CBC increased its prime-time advertising rate for the English-language network by 12.9 per cent and the rate for the French-language network by 14.6 per cent. At the same time, the station-time rate for the MetroNet, which consists of ten stations, was increased by 24.4 per cent. The CTV network also increased its prime-time rate by 11.1 per cent on September 1, 1969.

Table 94. Television Advertising Rates* for Selected Stations, 1964-1969.

Circulation†	1964	1965	1966	1967	1968	1969
	Dollars					
Over 500,000						
CFTO–TV (Toronto)	335	350	400	450	500	500
CBLT–TV (Toronto)	325	325	350	386	425	450
CHCH–TV (Hamilton)	290	300	360	360	400	425
CFTM–TV (Montreal)	340	385	475	495	600	700
CFCF–TV (Montreal)	300	340	390	420	450	475
CBMT–TV (Montreal)	250	250	250	250	250	275
300,000 – 500,000						
CJAY–TV (Winnipeg)	180	225	250	250	250	270
CBWT–TV (Winnipeg)	150	163	175	193	215	230
CJOH–TV (Ottawa)	200	225	280	280	300	300
CBOT–TV (Ottawa)	130	130	130	143	143	150
CHAN–TV (Vancouver)	180	200	220	220	245	265
CBUT–TV (Vancouver)	188	206	220	243	255	275
CFPL–TV (London)	190	190	220	220	250	275
CKCO–TV (Kitchener)	150	165	200	200	225	235
CFRN–TV (Edmonton)	200	225	260	260	280	280
CBXT–TV (Edmonton)	150	160	175	193	193	200
200,000 – 300,000						
CHSJ–TV (Saint John)	115	125	140	150	160	170
CJCH–TV (Halifax)	100	115	130	130	150	170
CBHT–TV (Halifax)	88	88	88	105	115	120
CFCN–TV (Calgary)	130	150	175	175	225	225
100,000 – 200,000						
CFCQ–TV (Saskatoon)	115	125	135	135	150	150
CKOS–TV (Yorkton)	80	90	100	115	115	125
CKVR–TV (Barrie)	100	115	120	135	140	140
CHEK–TV (Victoria)	90	90	90	90	90	120
CKWS–TV (Kingston)	75	75	80	80	80	95
CKNX–TV (Wingham)	60	70	80	80	90	90
CHEX–TV (Peterborough)	70	70	80	80	80	95
under 100,000						
CFCH–TV (North Bay)	50	50	55	55	55	70
CKRD–TV (Red Deer)	55	60	65	65	65	85
CKSA–TV (Lloydminster)	55	55	60	65	75	75
CKRT–TV (Rivière-du-Loup)	45	45	50	50	50	50
CFTK–TV (Terrace)	30	30	45	45	50	50
CJFB–TV (Swift Current)	40	50	50	50	55	55

* One occasion 60-second spot rate during prime time.
† Based on 1968 circulation.
SOURCE: Canadian Advertising Rates and Data. (September issues.)

There would be, in all likelihood, even greater pressure on television advertising rates if it were not for the fact that radio and newspapers, to a certain extent, are substitutes for television, even though they may not be as effective as the latter for some types of advertising. Consequently, the smaller advertisers tend to shift to these other mass media as television advertising costs increase.

ADVERTISING RATES AND POLICY

Television broadcasting stations sell advertising time on the basis of published rate cards, which are periodically revised. These rate cards are established on the basis of a station's total viewing audience, its programmes, and to a certain extent by "what the market will bear" in a particular region. For rate-setting purposes, television stations divide their broadcasting day into separate time categories, usually four or five, with the same advertising rate applying to the entire time period, irrespective of the popularity of a particular programme.[5]

Since television audiences reach a peak in the evening hours, advertising rates are highest during prime time, approximately from 6 p.m. to 11 p.m. The rates for other time periods are established in relation to those charged during prime time. Within each time category, the price of air-time is related to the amount of time purchased with proportionately higher prices applying for shorter units of time.

The basic advertising rates quoted in rate cards are one-occasion rates, that is, they apply to the purchase of time for a single commercial or programme. Nearly all television stations also grant frequency and continuity discounts to advertisers who buy air-time in quantity or over a long term. The size of these discounts varies from station to station, and according to the number of commercials and the number of continuous weeks for which the advertiser buys time. The most commonly used continuity discount provides a rate reduction of 10 per cent to an advertiser who buys time for fifty-two continuous weeks.

In addition, a number of stations have package plans and a summer dividends plan. Under the package plan, an advertiser obtains lower rates by purchasing a specific number of commercial units in various time categories. The summer dividends plan, which usually applies during the months of July and August, enables the advertiser to earn dividends in the form of repeated announcements up to a certain proportion of the value of purchased air-time.

Television advertising rates fall into three distinct categories: network rates, national selective rates, and local retail rates. Network rates are charged to advertisers when they purchase time during network programming hours. The advertisers buy time directly from the network, and their commercials are carried by all the affiliates of the network. When an advertiser buys time from stations on an individual basis outside network broadcasting hours, he is charged national selective rates, which are established by the station itself. In addition to these two rate categories, a number of television stations have also introduced local retail rates in an attempt to attract local retail firms that cannot afford the high rates charged to national advertisers.

The CBC for example, introduced local retail rates on an experimental basis for CBUT-TV (Vancouver) in October 1957. By 1967, retail rates had been established for nine other CBC stations in Toronto, Halifax, Ottawa, Montreal, Quebec, Corner Brook, and St. John's. These local retail rates, however, are not published in

[5] Until September, 1969, the CTV Network had two rates for prime time: AAA ($3,150 per sixty seconds) for non-Canadian content programs and AA ($2,600 per sixty seconds) for Canadian Content programs.

Canadian Advertising Rates and Data and have to be obtained from each station individually. Consequently, Table 95 shows national and retail advertising rates only for ten CBC-owned stations and CHCH (Hamilton).

Table 95. National and Local Television Advertising Rates in 1968

Station	National Rate*	Local Rate*	Local as % of National
	$	$	%
CBUT-TV (Vancouver) . . .	255.00	153.00	60
CBLT-TV (Toronto)	425.00	255.00	60
CBHT-TV (Halifax)	115.00	69.00	60
CBOT-TV (Ottawa)	143.00	100.10	70
CBOFT-TV (Ottawa)	75.00	52.50	70
CBFT-TV (Montreal)	313.00	234.75	75
CBMT-TV (Montreal)	250.00	187.50	75
CBVT-TV (Quebec)	200.00	150.00	75
CBYT-TV (Corner Brook) .	20.00	15.00	75
CBNT-TV (St. John's) . . .	85.00	68.00	80
CHCH-TV (Hamilton)	400.00	340.00	85

*Prime-time, one-occasion rates.
SOURCE: Individual station rate cards.

RATE-PER-THOUSAND

The price of advertising time for spot announcements is usually expressed in terms of dollars-per-minute or portions of a minute. As far as an advertiser is concerned, however, the potential circulation of a station is as important to him as the flat rate charged for one minute of air-time. The rate-per-thousand enables the advertiser to determine the costs involved in reaching 1,000 potential customers and also enables him to compare the relative costs of reaching this audience by purchasing air-time on alternative television stations. The following formula is used to calculate the rate-per-thousand:

$$\frac{\text{Rate-per-sixty-seconds-of-air-time} \times 1{,}000}{\text{Circulation of Station}}$$

It should be pointed out, however, that the rate-per-thousand figures used in this paper serve only as a general indicator to compare relative rates over time and between different stations. The circulation figures used to calculate the rate-per-thousand are Average Daily Nightime Circulation as published by the B.B.M. Bureau of Measurement. These figures provide an estimate of the number of viewers who tuned to a particular station at some period of time between 6 p.m. and 1 a.m.

It is well known that the number of people watching a particular station can vary widely from one quarter-hour to the next – at the same hour of the day on different days of the week – depending on the popularity of particular programmes. Consequently, in order to obtain absolute rate-per-thousand figures for a particular commercial, it would be necessary to use the estimated number of viewers who watched a particular station during the specific time-period in which the commercial appeared.

Table 96 shows the circulation, national selective rates and the rate-per-thousand for spot announcements in prime time for television stations in Canada.

Table 96. Average Television Advertising Rates-Per-Thousand By Station Size

Size Category	Average Size of Stations	No. of Stations in Sample	Rate-Per-Thousand
no. of viewers			¢
under 75,000	55,140	10	89.8
100 – 200,000	135,820	10	76.8
300 – 500,000	383,790	10	62.4
over 500,000	1,017,000	7	43.7

The relationship between rate-per-thousand and circulation for four selected size categories of television stations is shown in Table 97. These figures indicate the existence of substantial economies of scale in television broadcasting. For example, the average rate-per-thousand for stations with fewer than 75,000 viewers is $.898, while the average rate-per-thousand for stations with circulations of more than 500,000 drops to $.437.

Table 97. Television: Circulation and Advertising Rates 1968

Station	Daily Circulation Nighttime 2 years and over	Rate /60 Sec. $	Rate /1,000 $
B.C.			
CJDC-TV (Dawson Creek)	38,700	35	.90
CHBC-TV (Kelowna)			
CFCR-TV (Kamloops)	154,400	115	.74
CKPG-TV (Prince George)	53,600	30	.56
CFTK-TV (Terrace)	51,100	50	.98
CBUT-TV (Vancouver)	468,900	255	.54
CHAN-TV (Vancouver	354,200	245	.69
CHEK-TV (Victoria)	113,400	90	.79
Alta.			
CFCN-TV (Calgary)	282,900	225	.80
CHCT-TV (Calgary)	180,000		
CJLH-TV (Lethbridge)	79,400	215	.74
CHAT-TV (Medicine Hat)	30,800		
CBXT-TV (Edmonton)	337,100	193	.57
CFRN-TV (Edmonton)	372,400	280	.75
CKRD-TV (Red Deer)	66,800	85	1.27
Sask.			
CKSA-TV (Lloydminster)	74,300	75	1.01
CKBI-TV (Prince Albert)	100,300	85	.85
CHRE-TV (Regina)	114,900	100	.87
CKCK-TV (Regina)	178,300	140	.79
CFQC-TV (Saskatoon)	184,100	150	.81
CJFB-TV (Swift Current)	37,800	55	1.46
CKOS-TV (Yorkton)	177,400	115	.69

1968

Table 97. **Television: Circulation and Advertising Rates** (Continued)

Station	Daily Circulation Nightime 2 years and over	Rate /60 Sec. $	Rate /1,000 $
Man.			
CKX-TV (Brandon)	107,800	85	.79
CBWT-TV (Winnipeg)	395,100	215	.54
CBWFT-TV (Winnipeg)	6,400	25	3.91
CJAY-TV (Winnipeg)	340,800	250	.73
Ont.			
CKVR-TV (Barrie)	175,600	140	.80
CKWS-TV (Kingston)	135,600	150	1.11
CKCO-TV (Kitchener)	302,500	225	.74
CFPL-TV (London)	352,900	250	.71
CFCH-TV (North Bay)	58,600	55	.94
CBOT-TV (Ottawa)	326,300	143	.44
CBOFT-TV (Ottawa)	109,800	75	.68
CJOH-TV (Ottawa)	350,000	300	.86
CHOV-TV (Pembroke)	44,500	60	1.35
CHEX-TV (Peterborough)	103,400	150	1.45
CKPR-TV (Port Arthur)	102,000	75	.74
CJIC-TV (S.S. Marie)	65,000	65	1.00
CKSO-TV (Sudbury)	156,300	150	.96
CFCL-TV (Timmins)	114,500	115	1.00
CBLT-TV (Toronto)	1,233,600	425	.34
CFTO-TV (Toronto)	1,145,200	500	.44
CHCH-TV (Hamilton)	865,900	400	.46
CKLW-TV (Windsor)	104,900	90	.86
CKNX-TV (Wingham)	105,400	90	.85
Que.			
CHAU-TV (Carleton)	118,300	60	.51
CJPM-TV (Chicoutimi)	148,300	80	.54
CKRS-TV (Jonquière)	149,100	85	.57
CKBL-TV (Matane)	104,400	60	.57
CBFT-TV (Montreal)	1,144,600	313	.27
CBMT-TV (Montreal)	576,600	250	.43
CFCF-TV (Montreal)	616,900	450	.73
CFTM-TV (Montreal)	1,536,500	600	.39
CBVT-TV (Quebec)	270,100	200	.74
CFCM-TV (Quebec)	489,800	270	.55
CKMI-TV (Quebec)	46,600	40	.86
CJBR-TV (Rimouski)	134,600	95	.71
CKRT-TV (Rivière du Loup)	72,100	50	.69
CKRN-TV (Rouyn)	126,500	75	.59
CHLT-TV (Sherbrooke)	401,500	230	.57
CKTM-TV (Trois-Rivières)	129,800	110	.85
N.B.			
CBAFT-TV (Moncton)	24,600	19	.77
CKCW-TV (Moncton)	218,600	150	.69
CHSJ-TV (Saint John)	253,600	160	.63
N.S.			
CBHT-TV (Halifax)	213,000	115	.54
CJCH-TV (Halifax)	213,100	150	.70
CJCB-TV (Sydney)	156,400	135	.86
P.E.I.			
CBCT-TV (Charlottetown)	92,300	60	.65

Table 97. Television: Circulation and Advertising Rates (Continued)

Station	Daily Circulation Nightime 2 years and over	Rate /60 Sec. $	Rate /1,000 $
Nfld.			
CBYT-TV (Corner Brook)	51,000	20	.39
CBNT-TV (St. John's)	159,500	85	.53
CJON-TV (St. John's)	194,600	125	.64

SOURCE: Circulation figures: BBM Television Coverage and Circulation Report, November 6-19, 1968.
Advertising rates: C.A.R.D., January, 1969.

These substantial decreases in the rate-per-thousand as station size increases can be explained by the fact that the television broadcasting industry has high overhead costs and very low marginal costs. For instance, it costs a great deal to broadcast a programme, but it costs very little more to get an additional viewer to watch it.

CBC NETWORK ADVERTISING RATES

The CBC operates two television networks – English- and French-language – composed of both CBC-owned stations and privately-owned stations affiliated with the network. The English-language network consists of a total of forty-six stations; the French-language network is made up of fifteen stations. Of the forty-six English-language network stations, forty-one are classified as "basic" or "must buy" stations, which means that advertisers sponsoring network programmes are required to purchase time on all these stations. The remaining five are "supplementary stations" which may be ordered by the advertiser on a voluntary basis. Since the French-language network is relatively small, all fifteen stations are designated as basic stations.

The CBC has fifty-three hours per week of network option time (nineteen hours in the prime-time category) during which affiliates are required to broadcast CBC network programmes.

The CBC network advertising rates are established by means of a fairly complicated formula based on a rate curve and the nighttime daily circulation of each station. The formula also contains a control factor that prevents a station's one-hour prime-time network rate from exceeding five times its highest one-minute selective rate. In addition to network station time, an advertiser using the CBC network must also pay a distribution or interconnection charge and a programme charge, since the CBC sells network advertising on the basis of programme sponsorship.

The method used by the network to share commercial revenues with the affiliated stations is also quite complex. Until the 1969 season, the affiliates were paid 50 per cent of their applicable network rate (after deductions of frequency and continuity discounts), for Canadian produced programmes and either 31, 50, or 60 per cent for programmes originating with the American networks. With the

beginning of the 1969/70 programme season, the CBC changed its policy and the rate of payment is now applied to gross station time rates. The affiliates are now paid 47 per cent of their applicable network rate for both Canadian produced programmes and those originating with CBS and NBC. For programmes originating with other American networks, the payment is 31 per cent of the station's applicable network rate. A copy of the CBC rate formula is included in Table 98.

Table 98. CBC Rate Formula Method of determining Indicated Network Rate of Affiliated Stations

1 The indicated network rate of each affiliated station will be based on its "TOTAL NIGHTTIME DAILY CIRCULATION" as published in the latest available NCS Report (Nielson Coverage Service) with the figures adjusted to reflect the CBC's projection of TV households to January 1st of the year following the year in which a new network rate card is issued.

2 The RATE CURVE to be used in conjunction with this circulation measure will be as set out in the table to the right.*

3 The Class 'AA' one-hour network rate of an affiliated station will not be set above five (5) times its highest one-minute announcement rate as published on or before April 1st of the year in which a new network rate card is issued, such rates having been notified to the CBC by December 31st of the year immediately preceding the year in which a new network rate card is issued.

Where two or more affiliated stations publish a combination rate card (regardless of whether or not these same stations also publish individual rate cards) the aggregate Class 'AA' one-hour network rate of such a combination of stations will not be set above five (5) times the combination's highest one-minute announcement rate as published on or before April 1st of the year in which a new rate card is issued, such rates having been notified to the CBC by December 31st of the year immediately preceding the year in which a new network rate card is issued.

Total Nighttime Daily Circn	Indicated Network Rate	Total Nighttime Daily Circn	Indicated Network Rate
	Dollars		Dollars
5,000	90	40,000	405
6,000	105		
7,000	115	45,000	435
8,000	130		
9,000	140	50,000	460
10,000	155		
11,000	165	55,000	490
12,000	175		
13,000	185	60,000	515
14,000	195		
15,000	205	65,000	545
16,000	210		
17,000	220	70,000	570
18,000	230		
19,000	240	80,000	625
20,000	250		
21,000	260	90,000	665
22,000	265		
23,000	275	100,000	705
24,000	280		
25,000	290	110,000	745
26,000	295		
27,000	305	120,000	785
28,000	310		
29,000	320	160,000	940
30,000	330		
31,000	335	200,000	1,060
32,000	345		
33,000	350	300,000	1,350
34,000	360		
35,000	365	400,000	1,585
36,000	375		
37,000	380	500,000	1,805
38,000	390		
39,000	395	600,000	2,025

* Effective with the 1969 publication of Rate Card No. 25 (Subject to usual rate protection).

CTV NETWORK ADVERTISING RATES

The CTV network is owned and operated by its twelve affiliated stations, which are located in the major metropolitan areas from coast to coast. The network provides approximately forty-eight hours of programming per week. Of this total, twenty-three and one-half hours consist of network sales time, for which the advertiser must buy time through the network; twenty-four and one-half hours are designated as station or selective sales time, during which affiliates sell advertising time individually and pay the network for programmes originated by it. Selective sales time means individual stations are able to choose the time of broadcast for this programming. This option becomes effective with the beginning of the 1970 season.

The network has three very complicated formulae for sharing revenue from network sales time with the affiliates. These formulae are based on numerous factors, such as the highest rate card for a station, its competitive situation, its programming and Canadian content requirements, etc. Detailed information concerning the nature of each of these rate-setting methods has been filed with the Committee.

C.R.T.C. CANADIAN CONTENT REQUIREMENTS

As a result of the new C.R.T.C. regulations with respect to Canadian content it is expected that amendments will be required to the present CBC and CTV affiliation agreements.

TRENDS IN ADVERTISING RATES

Table 99 and Chart 17 show station-time rates per-thousand-households for television stations in four size categories from 1964 to 1968. The stations have been grouped on the basis of 1968 circulation figures. The rates per thousand are based on one-occasion rates during prime-time and the circulation figures are average daily night-time circulation as published by B.B.M. Bureau of Measurement.

Although the rates per thousand for all four groups show a fairly steady upward trend over the period, especially in the case of the two largest circulation groups, the accuracy of the figures for 1967 and 1968 is questionable. The difficulty is introduced by a change in B.B.M.'s survey methods. Until 1966, B.B.M. reported circulation figures in terms of households. In 1967, it switched to reporting circulation in terms of the total number of persons watching a station. Consequently, the circulation figures for 1967 and 1968 have been converted to households by using D.B.S. figures for average family size for individual cities, where available, or the provincial average. The figures for average family size were obtained from the 1966 Census.[6]

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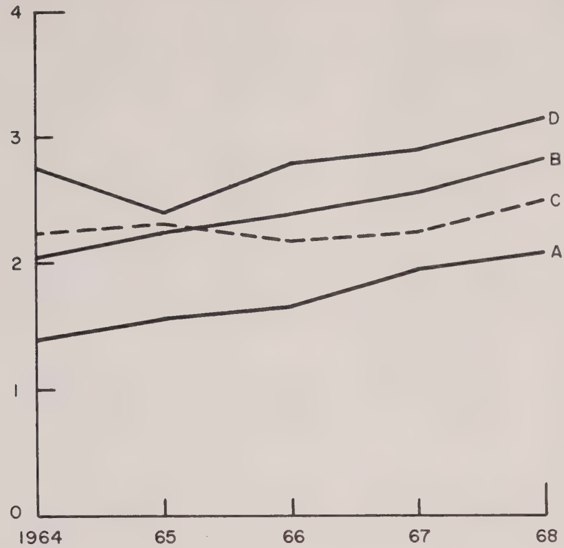
[6]D.D.S., Catalogue No. 93-613 Vol. II

Table 99. Trends in Rates-per-Thousand Households by Revenue Group, 1964-1968

	$1,500,000 & over		$1,000,000 – 1,499,999		$500,000 – 999,999		$250,000 – 499,999	
Year	Rate per 1,000	Index of Rate/1000	Rate per 1,000	Index of Rate/1000	Rate per 1,000	Index of Rate/1000	Rate per 1,000	Index of Rate/1000
1964	1.41	100.0	2.05	100.0	2.27	100.0	2.79	100.0
1965	1.56	110.6	2.23	108.8	2.29	100.9	2.38	85.3
1966	1.64	116.3	2.38	116.1	2.19	96.5	2.79	100.0
1967	1.92	136.2	2.56	124.9	2.26	99.6	2.91	104.3
1968	2.07	146.8	2.87	140.0	2.51	110.6	3.15	112.9

Chart 17

TRENDS IN RATES PER THOUSAND HOUSEHOLDS, 1964-1968.



GROUP A 65,000-400,000
GROUP B 35,000-65,000
GROUP C 25,000-35,000
GROUP D 10,000-25,000

This conversion of B.B.M. circulation figures from the total number of individuals to households results in a drop in circulation for a substantial number of stations as indicated in Table 100. It would not seem logical that such a number of stations would all suffer a loss in viewing audience. This is especially the case for such stations as Hamilton, Victoria and Barrie, which showed a steady increase in circulation during the previous three years.

GROWTH OF TELEVISION ADVERTISING

Since 1952, when television was introduced in Canada, demand for television advertising has expanded rapidly. The net advertising revenue received by the television broadcasting industry increased from $8.6 million in 1954 to an estimated $118.0 million in 1968. This represents an increase of 1,272 per cent over a period of fourteen years. During the same period, the total net advertising revenue received by all media increased by only 167.9 per cent. Consequently, the television broadcasting industry substantially increased its market share of total advertising revenue from 2.5 per cent in 1954 to 13.0 per cent in 1968. This expansion in television's market share has been almost entirely at the expense of newspapers and magazines. Table 101 indicates the growth of total advertising revenue received by all media, and television advertising revenue from 1954 to 1968.

Table 100. Television Rates and Circulation, by Household, 1964-1968

	1964		1965		1966		1967		1968	
Circulation*	Circulation Night-Time Households	Rate Per 1,000	Circulation Night-Time Households	Rate Per 1,000	Circulation Night-Time Households	Rate Per 1,000	Circulation Night-Time Households	Rate Per 1,000	Circulation Night-Time Households	Rate Per 1,000
65,000 – 400,000										
CFTO-TV (Toronto)	316,900	1.06	294,900	1.19	342,300	1.17	325,300	1.38	327,200	1.53
CHCH-TV (Hamilton)	210,700	1.38	226,900	1.32	282,300	1.28	213,400	1.69	234,000	1.71
CFRN-TV (Edmonton) ...	107,100	1.87	104,200	2.16	104,300	2.49	98,100	2.65	98,000	2.86
CHAN-TV (Vancouver) ...	110,200	1.63	117,300	1.71	119,800	1.84	100,600	2.19	101,200	2.42
CJAY-TV (Winnipeg)	114,200	1.58	110,900	2.03	102,500	2.44	94,300	2.65	94,700	2.64
CFCN-TV (Calgary)	81,700	1.59	80,900	1.85	81,200	2.16	73,200	2.39	76,500	2.94
CHSJ-TV (Saint John)	71,300	1.61	75,000	1.67	71,100	1.97	64,400	2.33	65,000	2.46
35,000 – 65,000										
CFQC-TV (Saskatoon) ...	46,100	2.49	48,600	2.57	46,300	2.92	50,600	2.67	49,800	3.01
CKDS-TV (Yorkton)	45,900	1.74	44,100	2.04	44,800	2.23	46,100	2.49	45,500	2.53
CKVR-TV (Barrie)	58,800	1.70	59,800	1.92	65,400	1.83	52,600	2.57	47,500	2.95
CJCB-TV (Sydney)	41,900	2.15	41,900	2.39	41,400	2.78	42,000	2.98	39,100	3.45
CKRS-TV (Jonquière)	36,300	2.34	36,600	2.32	35,700	2.38	40,800	2.08	35,500	2.39
25,000 – 35,000										
CKWS-TV (Kingston)	39,400	1.90	39,400	1.90	46,500	1.72	38,900	2.06	36,600	2.19
CHAU-TV (Carleton)	18,800†	3.19	15,500	3.87	18,600	3.23	29,600	2.03	28,200	2.13
CHEK-TV (Victoria)	39,600	2.27	43,700	2.06	44,700	2.01	38,600	2.33	33,400	2.69
CKNX-TV (Wingham)	35,600	1.69	36,100	1.94	39,400	2.03	30,600	2.61	28,500	3.16
CKLB-TV (Matane)	16.100†	3.42	18,200	3.02	19,600	3.06	25,700	2.33	24,900	2.41
10,000 – 25,000										
CHEX-TV (Peterborough) .	31,500	2.22	33,800	2.07	32,100	2.49	29,100	2.75	27,900	2.87
CFCY-TV (Charlottetown)	23,500	2.13	26,000	1.92	26,400	2.27	23,500	2.77	22,000	2.95
CKRT-TV (Rivière-du-Loup)	12,000†	3.75	16,800	2.68	16,400	3.05	20,800	2.40	17,200	2.91
CKRD-TV (Red-Deer)	15,500†	3.55	20,500	2.93	20,600	3.16	18,900	3.44	17,100	3.80
CFCH-TV (North Bay) ...	14,300	3.50	18,400	2.72	15,700	3.50	15,900	3.46	15,800	3.48

* Based on 1968 groups
† Summer survey

Table 101. Net Advertising Revenue, All Media and Television, 1954-68

Year	Total All Media Revenue	Index of Total All Media Revenue	Television Revenue	Index of Television Revenue
	Dollars	1954=100	Dollars	1954=100
1954 .	338,043,000	100.0	8,596,000	100.0
1955 .	373,743,000	110.5	13,444,000	156.4
1956 .	432,301,000	127.9	27,063,000	314.8
1957 .	458,835,000	135.7	32,281,000	375.5
1958 .	584,089,000	143.5	37,752,000	439.2
1959 .	522,819,000	154.7	47,657,000	554.4
1960 .	549,905,000	162.7	49,963,000	581.2
1961 .	565,306,000	167.2	54,082,000	629.2
1962 .	597,308,000	176.7	61,718,000	718.0
1963 .	627,154,000	185.5	70,232,000	817.0
1964 .	674,473,000	199.5	80,662,000	938.4
1965 .	733,156,000	216.9	91,559,000	1065.1
1966 .	794,621,000	235.1	100,392,000	1167.9
1967*	857,000,000	253.5	111,300,000	1294.8
1968*	905,600,000	267.9	118,000,000	1372.7

* Estimated figures for 1967 and 1968
SOURCE: Maclean-Hunter Research Bureau.

TELEVISION ADVERTISING REVENUE, 1964-1968

The growth of private television revenues is the result of two demand factors operating simultaneously. First, there has been an increasing shift in advertising expenditures toward television. As Table 102 points out, total media revenues have increased by 34.3 per cent; but, television's share of revenue has increased by 46.3 per cent.

Table 102. Net Advertising Revenue, all Media and Television, 1964-1968

Year	Total All Media Revenue Dollars	Index	Total Television Revenue Dollars	Index
1964	674,473,000	100.0	80,662,000	100.0
65	733,156,000	108.7	91,559,000	113.5
66	794,621,000	117.8	100,392,000	124.6
67	857,000,000*	127.0	111,300,000*	140.0
68	905,600,000*	134.3	118,000,000*	146.3

*Estimated

Private

The second factor leading to the growth of private television revenues is the shift in television advertising revenues from the CBC towards the private sector of the media. (See Tables 103 and 104). From 1963-1968, the CBC's network revenue grew by 22.1 per cent. During the same time, the private network revenues grew by 74.3 per cent. The introduction of competition from CTV was largely responsible for the slowness in the growth of CBC revenue.

The growth of private network advertising revenues is the result of this limited advertising supply and the increasing demand for time.

Table 103. Television Broadcasting Revenue, 1963-68

	CBC				PRIVATE			
	Network & National Advertising	Local Advertising	Total	Index	Network & National Advertising	Local Advertising	Total	Index
	Dollars	Dollars	Dollars		Dollars	Dollars	Dollars	
1963	20,580,000	960,000	21,540,000	100.0	34,530,000	14,170,000	48,690,000	100.0
64	21,590,000	910,000	22,500,000	104.5	43,020,000	15,150,000	58,170,000	119.5
65	22,060,000	980,000	23,040,000	107.0	50,750,000	17,770,000	68,510,000	140.7
66	23,380,000	800,000	24,170,000	112.2	58,190,000	18,030,000	76,220,000	156.5
67	25,500,000	870,000	26,360,000	122.4	64,640,000	20,250,000	84,890,000	174.3
68	25,450,000	860,000	26,310,000	122.1	67,170,000	21,400,000	88,570,000	181.9

SOURCE: D.B.S. Catalogue Number 50-204.

Table 104. Radio Broadcasting Revenue, 1963-68

	CBC				PRIVATE			
	Network & National Advertising	Local Advertising	Total	Index	Network & National Advertising	Local Advertising	Total	Index
	Dollars	Dollars	Dollars		Dollars	Dollars	Dollars	
1963 .	1,280,000	850,000	2,120,000	100.0	23,660,000	33,340,000	57,000,000	100.0
1964 .	1,460,000	440,000	1,910,000	90.1	26,410,000	36,810,000	63,220,000	110.9
1965 .	1,520,000	470,000	1,980,000	93.4	27,670,000	40,990,000	68,660,000	120.5
1966 .	1,450,000	380,000	1,830,000	86.3	31,390,000	46,820,000	78,210,000	137.2
1967 .	1,310,000	440,000	1,760,000	83.0	35,310,000	51,400,000	86,700,000	152.1
1968 .	1,170,000	460,000	1,630,000	76.9	36,940,000	56,450,000	93,390,000	163.8

SOURCE: D.B.S. Catalogue Number 56-204.

RADIO ADVERTISING THROUGH TIME

In radio broadcasting, the shift towards the private broadcasting stations has been outstanding. Private advertising revenues have *increased* by 63.8 per cent; CBC's radio advertising revenues have *decreased* by 23.1 per cent. The great decrease in the CBC's revenues is due largely to their programming policy. The CBC has not competed with the news and music format of the private stations. Also, the CBC sells block advertising time, a difficult thing to do with a decreasing circulation.

Chapter 3:

COSTS

INTRODUCTION

To assist understanding of the nature of costs within the broadcasting industry, Tables 105 and 106 break down costs according to purchased inputs, labour, and capital costs.

Purchased inputs are analyzed into costs of representative commissions, fuel, electricity, artist fees, performing rights etc.; these are the material or service inputs acquired from other industries.

The returns to labour are defined as wages, salaries, and fringe benefits.

A more difficult concept is the gross returns to capital. Gross returns to capital includes capital consumption allowances (depreciation and obsolescence), profit, and the return to land (rent); in this sense we give capital the broad definition in order to illustrate the relationship between labour, capital, and purchased inputs in the most general terms.

PURCHASED INPUT COSTS

Purchased inputs for the television industry vary from 35 to 36 per cent of total costs. In radio, this proportion varies from 32 to 34 per cent; this similarity in cost structure between the two industries is not unexpected, since we are dealing with the two slightly different products produced within one general industry.

However, when one examines the particular mix of inputs in each area of broadcasting, one can identify the differences in proportional costs with the differences in the product of each media. The proportion of total costs going to representative commissions is slightly higher in radio than in television (radio, 5.5 per cent, television, 4.5 per cent, on average). The television broadcasting industry will have a larger internal organization which will solicit its own advertising revenues, in comparison with the radio industry. Of particular interest is the purchased input "artist fees." First, in both industries the proportion of total costs[1] allocated to the payment of artists has decreased; in television, the costs

[1]Total costs are defined here as including profit and interest, and thus are equal to total revenue

Table 105. Distribution of Production Costs in the Private Television Broadcasting Industry, 1962-1968

	Purchased Inputs							Labor	Capital	Capital	Total
Year	Representative Commission	Fuel Electricity Water	Artist & Talent Fees	Performing Rights	Films, Tapes, Recordings	Advertising Promotion Travel	Other Purchased Inputs	Wages, Salaries, Benefits	Gross Return to Capital	Consumption Allowance	(equals) Operating Revenue
						Dollars					
1962	2,290,700	708,600	2,596,900	800,200	5,944,400	2,004,400	4,217,300	17,653,900	11,389,300	4,245,600	47,605,700
1963	2,460,400	792,700	2,436,100	915,100	7,016,700	2,183,400	4,675,100	18,377,300	14,704,500	3,993,200	53,561,300
1964	3,153,400	814,800	2,633,300	1,081,700	8,807,700	2,398,700	4,369,600	19,757,300	20,546,200	4,477,900	63,562,700
1965	3,419,000	817,200	3,083,100	1,366,100	10,719,800	2,607,100	4,743,900	21,271,300	27,234,800	5,327,000	75,262,300
1966	3,749,700	848,500	3,242,000	1,510,700	12,304,500	2,727,900	6,001,900	24,260,000	30,638,200	6,269,500	85,783,400
1967	3,915,500	877,900	3,859,500	1,851,800	15,626,600	3,078,300	6,909,000	27,144,800	31,914,400	7,201,100	95,177,800
1968	3,877,300	928,500	3,675,800	1,846,800	16,222,500	3,188,900	6,864,800	28,851,600	34,536,500	7,340,000	99,992,700
						Per Cent					
1962	4.81	1.49	5.46	1.68	12.49	4.21	8.86	37.08	23.92	8.92	100.0
63	4.59	1.48	4.55	1.71	13.10	4.08	8.73	34.31	27.45	7.46	100.0
64	4.96	1.28	4.14	1.70	13.86	3.77	6.87	31.08	32.32	7.04	99.98
65	4.54	1.09	4.10	1.82	14.24	3.46	6.30	28.26	36.19	7.08	100.0
66	4.37	.99	3.78	1.76	14.93	3.18	7.00	28.28	35.72	7.31	100.01
67	4.11	.92	4.06	1.95	16.42	3.23	7.26	28.52	33.53	7.57	99.82
68	3.88	.93	3.68	1.85	16.22	3.19	6.87	28.85	34.54	7.34	100.01
						Index (1962 = 100)					
1962	100.0	100.0	100.0	100.00	100.00	100.00	100.00	100.00	100.00	100.0	100.00
63	107.41	111.87	93.81	114.36	118.04	108.93	110.86	104.10	129.11	94.05	112.51
64	137.66	114.99	101.40	135.18	148.17	119.67	103.61	111.19	180.40	105.47	133.52
65	149.26	115.33	118.72	170.72	180.33	130.07	112.49	120.49	239.13	125.47	158.10
66	163.69	119.74	124.84	188.79	215.40	136.10	142.43	137.42	269.01	147.67	180.20
67	170.93	123.89	148.62	231.42	262.88	153.58	163.93	153.76	280.21	169.61	199.93
68	169.26	131.03	141.55	230.79	272.90	159.09	162.78	163.43	303.24	172.88	210.04

Table 106. Distribution of production costs in the Private Radio Broadcasting Industry, 1962-1968

	Purchased Inputs							Labor	Capital	Capital	Total
Year	Represen-tative Commission	Fuel Electricity Water	Artist & Talent Fees	Performing Rights	Tapes, Recordings	Advertising Promotion Travel	Other Purchased Inputs	Wages, Salaries, Benefits	Gross Return to Capital	Capital Con-sumption Allowance	(equals) Operating Revenue
						Dollars					
1962	3,141,900	707,000	2,151,900	1,159,600	433,300	3,780,500	6,900,500	23,582,800	11,720,400	2,857,600	53,577,900
63	3,395,700	912,400	1,863,100	1,296,200	535,600	4,143,300	6,956,300	26,016,000	13,093,500	3,070,100	58,212,100
64	3,799,000	933,500	2,237,000	1,477,600	624,200	4,686,800	7,599,100	28,243,400	15,441,900	3,495,500	65,042,500
65	3,960,900	858,300	2,170,400	1,585,000	686,100	5,142,600	7,899,900	30,321,900	17,907,400	3,524,600	70,532,500
66	4,258,800	909,700	2,157,500	1,869,400	686,000	5,321,100	9,955,300	34,213,600	20,183,800	3,932,800	79,554,900
67	4,646,800	1,029,300	2,255,800	2,060,800	761,600	5,695,100	10,038,900	38,151,700	24,121,100	3,994,700	88,761,100
68	4,882,200	1,108,000	2,426,400	2,151,500	807,700	5,823,500	11,619,200	41,267,900	25,592,500	3,993,700	95,678,900
						Per Cent					
1962	5.86	1.32	4.02	2.16	.81	7.06	12.88	44.02	21.88	5.33	100.01
63	5.83	1.57	3.20	2.23	.92	7.12	11.95	44.69	22.49	5.27	100.00
64	5.84	1.44	3.44	2.27	.96	7.21	11.68	43.42	23.74	5.37	100.00
65	5.62	1.22	3.08	2.28	.97	7.29	11.20	42.99	25.39	5.00	100.04
66	5.35	1.14	2.71	2.35	.86	6.69	12.51	43.01	25.37	4.94	99.99
67	5.24	1.16	2.54	2.32	.86	6.42	11.31	42.98	27.18	4.50	100.01
68	5.10	1.16	2.54	2.25	.84	6.09	12.14	43.13	26.75	4.17	100.00
						Index (1962 = 100)					
1962	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
63	108.08	129.05	86.58	111.78	123.61	109.60	100.81	110.32	111.72	107.43	108.65
64	120.91	132.04	103.95	127.42	144.06	123.97	110.12	119.76	131.75	122.32	121.40
65	126.07	121.40	100.86	136.69	158.34	136.03	114.48	128.58	152.79	123.34	131.64
66	135.55	128.67	100.26	161.21	158.32	140.75	144.27	145.08	172.28	137.62	148.48
67	147.90	145.59	104.83	177.72	175.77	150.64	145.48	161.78	205.80	139.79	165.67
68	155.39	156.72	112.76	185.54	186.41	154.04	168.38	174.99	218.36	139.75	178.58

SOURCE: D.B.S. – 56-204

decreased from 5.46 per cent of total costs in 1962 to 3.68 per cent in 1968; for radio, in the same period, the decrease was from 4.02 per cent to 2.54 per cent. Second, much of this change in cost structure can be attributed to the changing technology in the industry. For example, proportionate costs for films, tapes, and recordings have increased significantly in both media. These two phenomena are explained by the difference in the content of broadcasting, especially television.

The increase in the costs of films, tapes, and recordings can be explained from both the supply and demand side. Early in the television industry's history, distribution rights for films and tapes were acquired by a very few organizations, which have since carefully controlled supply. The great increase in demand for non-variety-show type of programming has similarly led to higher costs. For television, it appears that the increased cost for technological inputs is a "demand-induced" type of inflation.

For both broadcast media the proportion of costs attributed to advertising, promotion and travel has decreased by approximately 1 per cent for each medium. In radio this is attributed to the change in the content of broadcasting. For most metropolitan radio stations the general format is news and music; rarely do we hear locally produced programs that are not of the news and music variety. Accordingly, it is no longer necessary to promote individual programs as being unique because all stations have essentially the same broadcasting content. In the case of television, the local stations originally carried a larger proportion of local programming, especially in the early days of the industry. However, more and more network programming is carried by the local stations. Again, the need for advertising and promotion is reduced.

LABOUR COSTS

Turning to labour's share of total costs, we observe a marked difference in the trend of each broadcasting medium. In television, wages and salaries have decreased significantly as a proportion of total expenditures. In 1962, the proportion going to labour was 37.08 per cent; this dropped rapidly during 1962, 1963, 1964 and 1965. Since 1965 the proportion has remained constant at about 28-29 per cent. The higher proportion of labour, in the early 1960s, was reduced in the late 1960s as the industry underwent technological changes (for example, increasing use of films, tapes, etc.) which have reduced the amount of manpower required by the industry.

CAPITAL COSTS

Capital's share increased significantly in both broadcasting media. In radio, capital's share increased from 21.9 per cent to 26.8 per cent. Even more striking evidence is found in television where capital's share has increased from 23.9 per cent to 34.5 per cent in the six-year period. As stated earlier, the return to capital is expressed in gross sums. The great increase in capital's share could be attributable to an increase in capital consumption or in net profit. In a subsequent analysis, it will be shown that this increase in gross returns to capital is the result of an increase in net profitability.

Tables 107 and 108 and Charts 18 and 19, break down costs of production by revenue groups (for example, the under-$1 million revenue group contains the sum of the costs of all individual stations having a total operating revenue of less than $1 million).

In television broadcasting, fixed-cost inputs fall as the station grows in circulation and revenue. Costs that reflect quality improvement compose a larger proportion of total costs as the station's circulation grows. For example, the costs of films, tapes, and recordings increase significantly in proportion from 7.78 per cent for the under-$250,000 group to over 18 per cent for the $1.5-million-and-over group.

Similarly, advertising and promotional costs are a greater proportional expense in the larger-revenue classes; this, again reflects the competition in the larger-revenue groups with each station offering a slightly differentiated product. The cost of labour also falls with increased revenue, with the exception of one category, $1,000,000-$1,499,999. Similarly, this pattern is followed with respect to capital consumption. It is worthy of note that the largest revenue group has a significantly high rate of return to capital. The revenue group $1,000,000 – $1,499,999 exhibits a significantly different cost and revenue structure from that of all other revenue groups. This phenomenon is explored in greater detail later.

Table 108 lists production costs for the radio industry by revenue groups. The variation in cost over the revenue group is distinctly different from that of television. In most larger metropolitan areas there is great competition among the large radio stations and usually there are two or more large stations. This competition is reflected in the kinds of increasing costs experienced by radio stations as their circulation grows. Representative commissions become an increasing larger expense, especially for the largest category. Similarly there is a significant increase in advertising and promotional costs for the large stations. For example, in Toronto the largest radio stations go to great expense to report urban traffic conditions during peak hours; there is an added expense in renting or purchasing helicopters; the promotional cost of this service is very significant.

The proportion of total costs due to wages and salaries falls significantly with an increase in circulation. Labour costs drop from 58.18 per cent to 34.10 per cent of total costs as circulation increases. On the other hand, gross return to capital increases with the size of the station.

Later in the study we undertake a more extensive examination of the returns to all factors of production in relation to questions dealing with inflation, profitability, and monopoly profit.

"QUALITY" COST VARIABLES – FILMS, TAPES, ARTISTS' FEES

In Table 109 and Chart 20 the cost curves for several production costs have been constructed.

Cost curves have been constructed on the assumption that there is a one-to-one relationship between the size of revenue group and the size of circulation. That is, the sixteen stations with the largest viewing audience fall into the top revenue group of $1.5 million and over. It is very possible that the one-to-one ratio may not be valid in all cases. For example, a station like CKOS, Yorkton, with a circulation

Table 107. Distribution of Production Costs, by Revenue Groups, 1968 Private Television Broadcasting Industry

Revenue Group	Number of Stations	Represen-tative Commission	Fuel Electricity & Water	Artists Fees	Performing Rights	Telephone Telegraph Micro-wave	Films, Tapes, Recordings	Advertising Promotion Travel	Other Purchased Inputs	Salaries Staff Benefits	Gross Returns to Capital	Capital Con-sumption	Total Operating Revenue
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
under 250,000	15	69,550	71,020	10,050	42,500	117,710	185,560	71,780	247,750	1,013,890	554,830	305,950	2,384,640
250,000 – 499,999	15	222,930	122.600	46,690	111,030	166,950	508,800	175,920	456,130	2,331,050	1,632,400	599,800	5,774,500
500,000 – 999,999	13	386,240	131,050	104,470	147,290	132,180	962,950	261,120	521,620	3,217,950	3,183,890	671,330	9,048,760
1,000,000 – 1,499,999	9	320,940	128,700	99,910	181,710	127,700	1,407,590	308,740	761,180	3,391,390	2,638,720	834,330	9,006,660
1,500,000 – and over	16	2,877,690	475,120	3,414,700	1,364,300	1,087,030	13,517,640	2,371,380	3,207,160	18,897,340	26,565,780	4,928,540	73,778,140
	68												
% of Revenue													
under 250,000		2.91	2.97	0.42	1.78	4.93	7.78	3.01	10.38	42.51	23.26	12.83	100.0
250,000 – 499,999		3.86	2.12	0.80	1.91	2.89	8.81	3.04	7.89	40.37	28.26	10.39	100.0
500,000 – 999,999		4.27	1.45	1.15	1.63	1.46	10.64	2.89	5.76	35.56	35.18	7.42	100.0
1,000,000 – 1,499,999		3.56	1.43	1.1	2.02	1.42	11.63	3.43	8.45	37.65	29.29	9.26	100.0
1,500,000 and over		3.9	0.64	4.62	1.85	1.47	18.32	3.21	4.34	25.6	36.00	6.68	100.0

SOURCE: D.B.S. 56-204

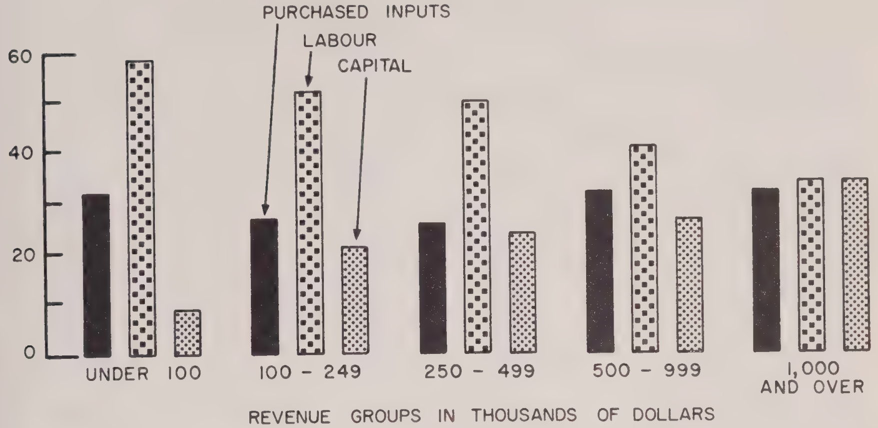
Table 108. Distribution of Production Costs, by Revenue Groups, 1968 Private Radio Broadcasting Industry

Revenue Group	Number of Stations	Represen-tative Commission	Fuel Electricity & Water	Artists Fees	Performing Rights	Telephone Telegraph Micro-wave	Tapes Recordings	Advertising Promotion Travel	Other Purchased Inputs	Total Purchased Inputs	Salaries Staff Benefits	Gross Return to Capital	Capital Consumption Allowance	Total Operating Revenue
								Dollars						
under $100,000 ..	47	51,520	58,240	50,070	48,560	138,860	38,270	152,090	399,390	937,000	1,698,040	283,030	293,270	2,918,070
$100,000 – 249,999	113	413,040	244,440	233,330	320,400	565,390	186,450	741,990	1,472,320	4,177,360	8,123,260	3,304,540	824,040	15,605,160
$250,000 – 499,999	90	926,770	325,790	357,190	514,330	679,270	200,770	1,092,180	1,764,600	5,860,900	11,293,580	5,423,660	1,022,230	22,578,140
500,000 – 999,999	44	1,005,950	273,100	809,030	553,280	603,310	214,350	1,464,160	2,404,940	7,328,120	9,249,030	6,026,080	907,520	22,603,230
$1,000,000 and over .	25	2,484,950	206,470	976,740	714,930	628,970	167,880	2,373,100	2,662,060	10,215,100	10,904,000	10,855,230	946,650	31,974,330
Per cent of Revenue														
under $100,000		1.76	2.00	1.72	1.66	4.76	1.31	5.2	13.69	32.10	58.19	9.69	10.05	100.0
$100,000 – 249,999		2.64	1.57	1.50	2.00	3.62	1.20	4.75	9.43	26.77	52.05	21.18	5.28	100.0
$250,000 – 499,999		4.10	1.44	1.58	2.20	3.00	0.90	4.84	7.82	29.95	50.01	24.02	4.53	100.0
$500,000 – 999,999		4.45	1.20	3.50	2.24	2.67	0.95	6.48	10.64	32.42	40.92	26.66	4.02	100.0
$1,000,000 and over		7.75	0.65	3.05	2.24	1.97	.52	7.42	8.32	31.94	34.10	33.94	2.96	100.0

SOURCE: D.B.S. 56-204

Chart 18

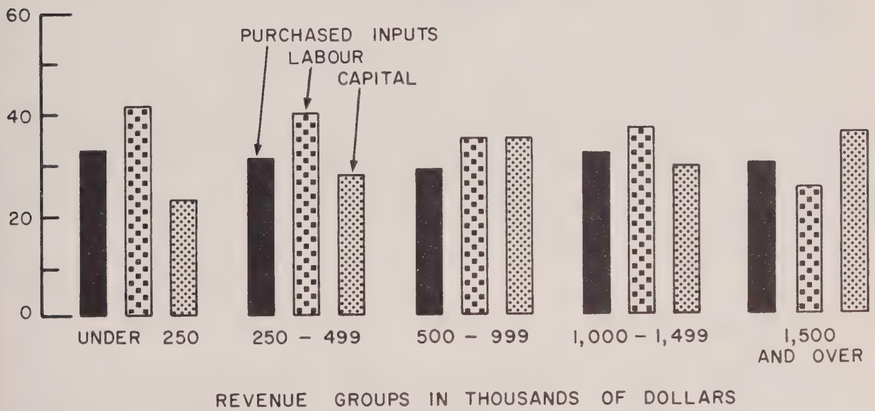
PRIVATE RADIO BROADCASTING INDUSTRY – DISTRIBUTION OF PRODUCTION COSTS AS A PERCENTAGE OF TOTAL REVENUE, BY REVENUE GROUPS, 1968.



SOURCE: D.B.S., 56-204.

Chart 19

PRIVATE TELEVISION BROADCASTING INDUSTRY – DISTRIBUTION OF PRODUCTION COSTS AS A PERCENTAGE OF TOTAL REVENUE, BY REVENUE GROUPS, 1968.



SOURCE: D.B.S., 56-204.

of 185,000 may, in fact, be in the top revenue group since it probably has little or no competition. Also, since the D.B.S. revenue group is divided into relatively broad categories, the viewing audiences of the sixteen largest private stations range from 213,000 to 1.5 million.

As a result of these restrictions on the data, it is necessary to consider the cost and revenue figures per viewer presented as reasonably accurate estimates and not actual figures. This is particularly true in cases where very similar costs appear for two different revenue groups.

With these qualifications, the interest is only in the general cost relationships and not in the actual levels of costs.

Private Television

Table 109. Distribution of Production Costs per viewer* by Revenue Groups

Revenue Group	$1,500,000 +	$1,000,000 – 1,499,999	$500,000 – 999,999	250,000 – 499,999
Number of Stations	16	9	13	15
Total Circulation	8,106,600	1,551,800	1,558,400	1,119,900
Representative Commission	0.355	0.207	0.248	0.119
Rent, Repairs, etc.	0.421	0.413	0.362	0.421
Fuel, Electricity	0.059	0.083	0.084	0.109
Salaries, Wages	2.203	2.091	1.976	1.994
Staff Benefits	0.128	0.095	0.089	0.087
Performing Rights	0.168	0.117	0.095	0.099
Telephone, Telegraph	0.067	0.061	0.071	0.082
Micro-Wave, Wire Line	0.067	0.021	0.014	0.067
Films, Tapes	1.667	0.675	0.618	0.454
Advertising Promotion	0.292	0.199	0.167	0.157
Office Supplies Other Expenses	0.054	0.050	0.043	0.061
Artist and Other Talent Fees	0.421	0.064	0.067	0.042
Total Production Costs	5,902	4,076	3,834	3,692
Total Operating Expenses	7,241	5,332	4,841	4,968
Total Operating Revenue	9,101	5,804	5,806	5,156
Net Operating Revenue	1.860	0.472	0.966	0.188

*Average nighttime circulation, 6p.m. to 1a.m.
SOURCE: DBS 56-204

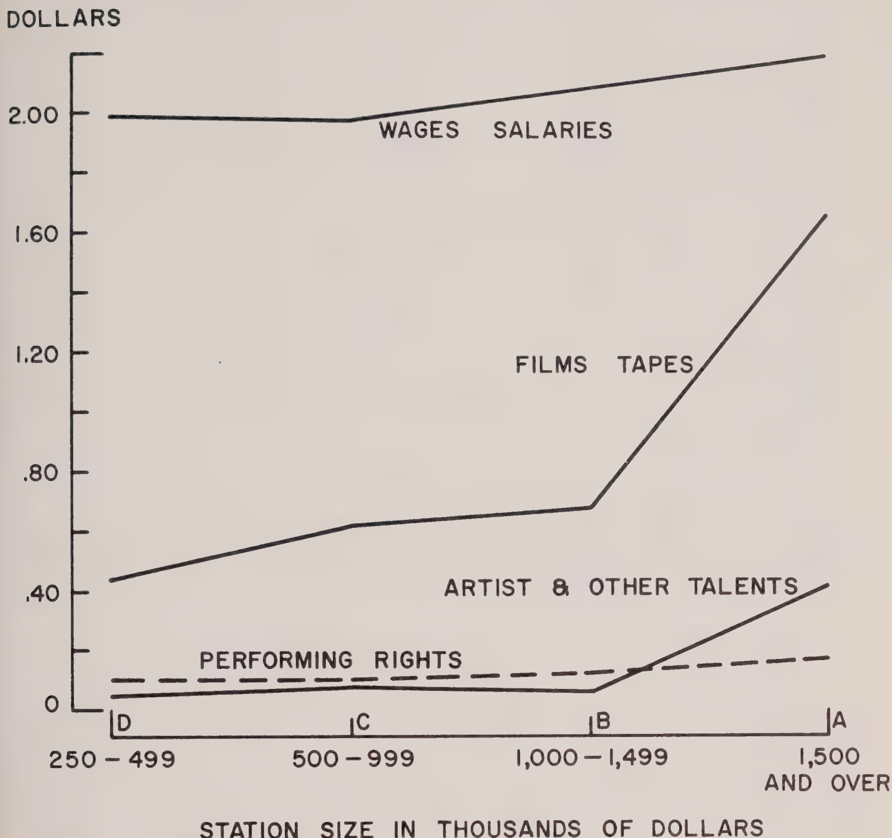
Chart 20 plots the cost-per-viewer against each of the four revenue classes. The outstanding feature is that in the revenue group B ($1,000,000 – 1,499,999) all costs increase significantly, especially the costs of films, tapes and artist fees. All these costs are "quality" variables which increase when the television station operates in the B revenue category.

EMPLOYMENT, SALARIES, AND PRODUCTIVITY

The following is an analysis of employment, salaries, and productivity, through time, by industry and by region. All data refer to the privately owned radio and television industry. The measure of productivity is "value added" per employee. "Value added" is defined as the difference between operating revenue and cost of purchased inputs. In this way we derive an estimate of contribution each employee adds to the value of the broadcasting services.

Table 110 outlines the trends in wages and productivity for both radio and television for 1962–8. In radio, wages increased by 34 per cent while productivity advanced by 47 per cent. For television, the increase was 39 per cent and 90 per cent respectively. On an industry basis it is clearly evident that the increases in wages and salaries lagged behind the increases in productivity.

Chart 20
AVERAGE COSTS PER VIEWER FOR SELECTED COMPONENTS
BY REVENUE GROUPS, 1968.



SOURCE: D.B.S., 56-204.

In order to determine whether the broadcasting industry experienced any "wage-push" inflation, we must be concerned with the *rate of change* in wages *vis-à-vis* that in productivity. Wage-push inflation occurs when labour uses its bargaining power to gain advances in wages that exceed those advances in productivity; and, thus profit rates decline. The owners of capital then are forced to raise the prices of their service in order to meet the additional cost of labour and maintain an established rate of profit. In the private broadcasting industry, organized labour is virtually non-existent. This fact can explain the lag in wage increases with respect to productivity increases; this disparity will become more evident later.

Table 110. Trends in Salaries and Productivity in the Privately-Owned Radio and Television Industry, 1962-68

Medium	Value Added Per Employee		Average Annual Salary	
Radio	Dollars	Index	Dollars	Index
1962....	7,415	100.0	4,821	100.0
1963....	7,938	107.1	5,134	106.5
1964....	8,692	117.2	5,462	113.3
1965....	9,178	123.8	5,585	115.8
1966....	9,929	133.9	5,898	122.4
1967....	10,542	142.2	6.128	127.1
1968....	10,901	147.0	6,457	133.9
Television				
1962....	8,507	100.0	5,010	100.0
1963....	9,539	112.1	5,130	102.4
1964....	11,592	136.3	5,497	109.7
1965....	13,148	154.5	5,542	110.6
1966....	14,233	167.3	6,003	119.8
1967....	15,276	179.6	6.614	132.0
1968....	16,127	189.6	6,965	139.0

SOURCE: DBS 56-204

Charts 21 and 22 illustrate these relative rates of change over time. In radio, the rate of change in productivity is clearly greater than the rate of change in wages. For television also, from 1962-1966 productivity increased at a significantly greater rate than wages; this is evident by the widening gaps between the two series.

In 1967, wages increased a little faster than productivity indicating some pressure on profits. But in 1968 productivity outstripped wage increases.

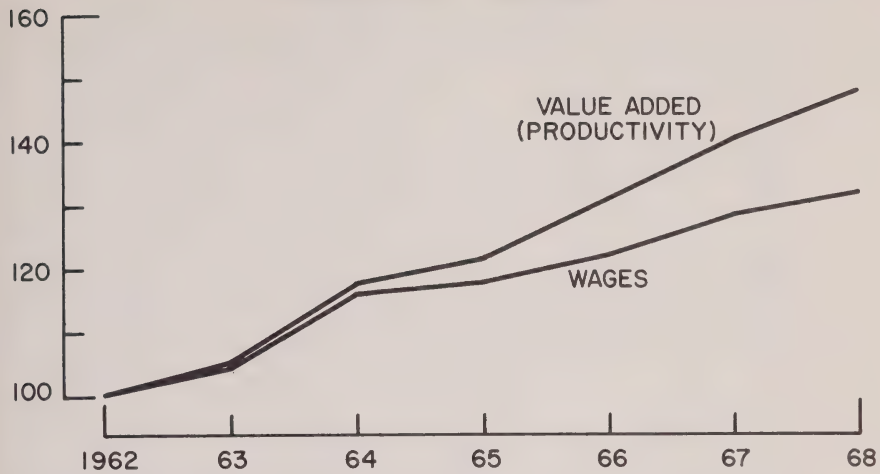
The divergence between productivity and wages has two possible explanations. The price of capital can remain constant or fall relative to the price of labour, thus introducing the possibility of capital substitution for labour, this substitution possibly leading to greater returns to capital. Or, the industry may experience an increase in demand for its service, so that the price of the service can be increased without any loss in total revenue. The latter is called "demand-pull" inflation. A more complete discussion of inflation is undertaken in the section "Profitability."

TRENDS IN EMPLOYMENT AND SALARIES BY OCCUPATION GROUPS

Table 111 outlines the trends in salaries by occupation group for radio and television respectively. In radio broadcasting, salaries have increased by 18 per cent from 1964 to 1968 for all employees. Sales and promotion staff tend to receive higher incomes than any other group. In addition, they have received the largest wage increases over the period. Technical operators earn the lowest salaries. In television broadcasting, salaries for all employees increased by 27 per cent over the time period. Again, sales and promotion staff are the highest paid employees and have experienced the greatest wage gains. Also, technical operators and program staff are the lowest paid employees, as in radio.

Chart 21

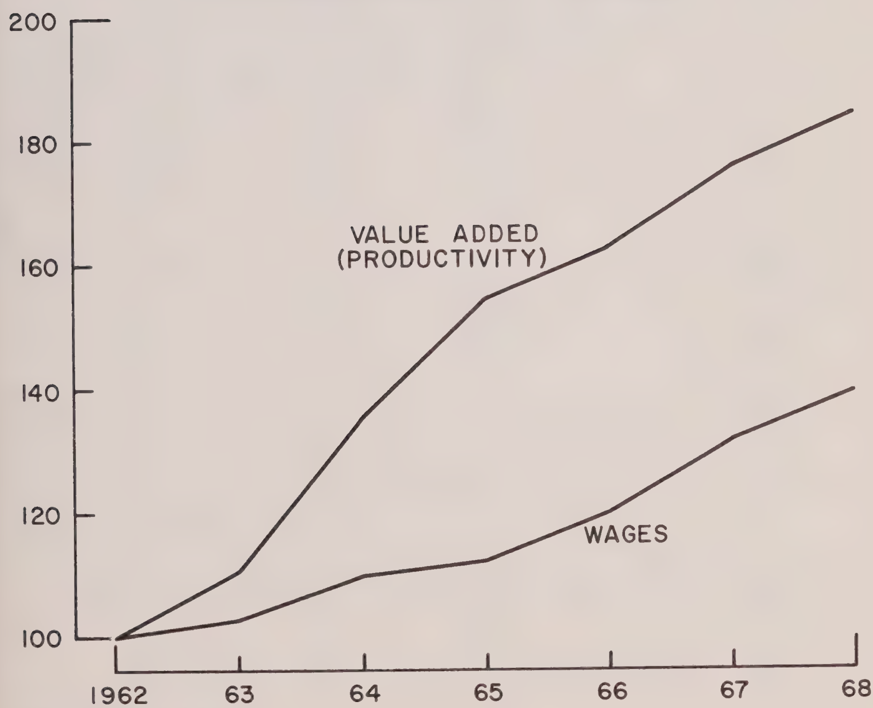
PRIVATE RADIO BROADCASTING INDUSTRY – TRENDS IN WAGES AND PRODUCTIVITY, 1962-1968.



SOURCE: D.B.S., 56-204.

Chart 22

PRIVATE TELEVISION BROADCASTING INDUSTRY – TRENDS IN WAGES AND PRODUCTIVITY, 1962-1968.



SOURCE: D.B.S., 56-204.

Table 111. Trends in Salary by Occupation Group, 1964-68

Occupation Group	Radio		
	Number of Employees	Average Annual Salary	Index of Annual Salary (1964 = 100.0)
		Dollars	
Technical Operators			
1964	528	4,785	100.0
1965	519	4,731	98.9
1966	615	4,897	102.3
1967	698	4,923	102.9
1968	680	5,597	117.0
Administration			
1964	1,360	5,546	100.0
1965	1,340	5,548	100.0
1966	1,395	5,804	104.7
1967	1,482	5,976	107.8
1968	1,480	6,111	110.2
Sales and Promotion			
1964	887	6,898	100.0
1965	934	7,494	108.6
1966	974	8,256	119.7
1967	1,085	8,412	121.9
1968	1,037	9,080	131.6
Programme Staff			
1964	2,251	5,004	100.0
1965	2,464	5,061	101.1
1966	2,569	5,307	106.1
1967	2,705	5,626	112.4
1968	2,855	5,967	119.2
All Employees			
1964	5,026	5,462	100.0
1965	5,255	5,585	102.3
1966	5,593	5,898	108.0
1967	5,998	6,128	112.2
1968	6,134	6,457	118.2
Technical Operators			
1964	731	5,370	100.0
1965	824	5,228	97.4
1966	1,167	5,802	108.0
1967	1,242	5,367	99.9
1968	1,165	6,750	125.7
Administration			
1964	613	6,712	100.0
1965	660	6,453	96.1
1966	691	7,019	104.6
1967	744	7,129	106.2
1968	784	7,209	107.4
Sales and Promotion			
1964	405	6,285	100.0
1965	398	7,275	115.8
1966	389	7,776	123.7
1967	419	8,702	138.5
1968	386	9,526	151.6

Table 111. Trends in Salary by Occupation Groups, 1964-68 (Continued)

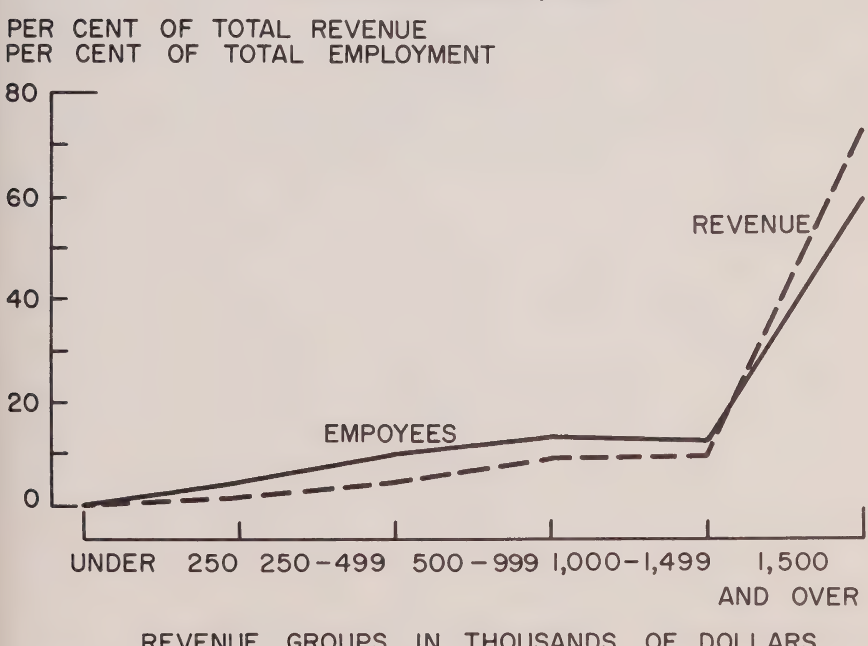
Occupation Group	Television		
	Number of Employees	Average Annual Salary	Index of Annual Salary
Programme Staff			
1964	1,728	4,935	100.0
1965	1,808	4,971	100.7
1966	1,605	5,270	106.8
1967	1,499	6,006	121.7
1968	1,592	6,405	129.8
All Employees			
1964	3,477	5,497	100.0
1965	3,690	5,542	100.8
1966	3,857	6,003	109.2
1967	3,913	6.614	120.3
1968	3,933	6,965	126.7

SOURCE: D.B.S. 56 – 204.

CONCENTRATION OF EMPLOYMENT IN THE BROADCASTING INDUSTRY

An analysis of concentration of employment by station size for both media is found in Table 112. Concentration is based on size of the broadcasting station; there is no relation to concentration of ownership indicated here.

Chart 23
DISTRIBUTION OF EMPLOYEES AND REVENUE
BY REVENUE GROUPS, 1968.



SOURCE: D.B.S., 56-204.

Table 112. Distribution of Employees and Revenue by Revenue Groups, 1968

Revenue Group	Distribution of Establishments		Distribution of Employees		Distribution of Revenue	
	Number	Per cent of total	Number	Per cent of total	Value	Per cent of total
					Dollars	
Radio						
under $100,000	47	14.8	509	8.3	2,918,000	3.1
$100,000 – $249,999	113	35.4	1,576	25.7	15,605,000	16.3
$250,000 – $449,999	90	28.2	1,736	28.3	22,578,000	23.6
$500,000 – $999,999	44	13.8	1,194	19.5	22,603,000	23.6
$1,000,000 and over	25	7.8	1,119	18.2	31,974,000	33.4
Total	319	100.0	6,134	100.0	95,678,000	100.0
Television						
under $250,000	15	22.1	186	4.7	2,385,000	2.4
$250,000 – $499,999	15	22.1	412	10.5	5,775,000	5.8
$500,000 – $999,999	13	19.1	530	13.5	9,049,000	9.0
$1,000,000 – $1,499,999	9	13.2	472	12.0	9,007,000	9.0
$1,500,000 and over	16	23.5	2,333	59.3	73,778,000	73.8
Total	68	100.0	3,933	100.0	99,994,000	100.0

SOURCE: D.B.S. 56-204.

The smallest group, in radio, with 14.8 per cent of the radio stations has 8.3 per cent of the employees and earns 3.1 per cent of the total industry revenue. At the other end of the scale, 7.8 per cent of the total stations earned over $1 million, employed 18.2 per cent of all employees and earned 33.4 per cent of total industry revenues. There is a similar relationship in television broadcasting. Stations with revenues over $1.5 million had 59.3 per cent of employees and 73.8 per cent of total revenue.

If we make a graph of the distribution of employees and the distribution of revenues both against the station size, we come up with evidence indicating the existence of economies of large scale production. This is illustrated in Chart 23. The graph indicates the degree to which circulation (revenue size) leads to differences in employment and revenue. Furthermore, the graph points out the revenue generating potential of an employee as the size of the station's circulation increases. This is evident by the fact that the largest revenue group, which earns 74 per cent of total revenues, requires only 59 per cent of the total number of employees; similarly, in the lowest income groups, 4.7 per cent of total employees accounted for only 2.4 per cent of total industry revenues.

WAGES AND PRODUCTIVITY BY STATION SIZE

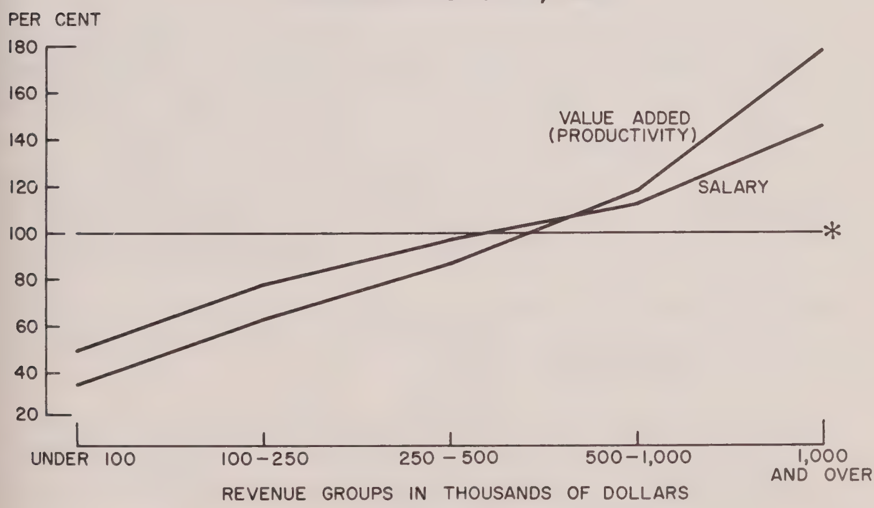
Table 113 shows a breakdown of salaries and productivity by revenue groups for 1968.

In both media, the larger the station size, the greater the annual salary. Significantly, the spreads in salaries and productivity are higher in radio than in television.

Charts 24 and 25 graphically illustrate Table 113.

Chart 24

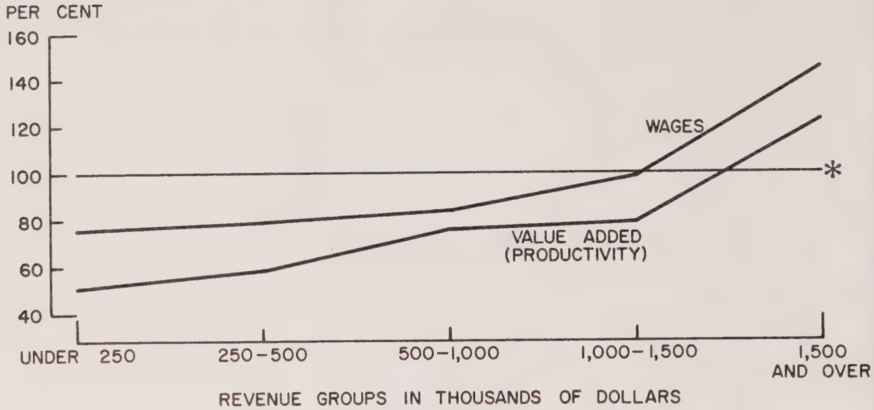
RADIO BROADCASTING INDUSTRY – WAGES AND PRODUCTIVITY BY REVENUE GROUPS, 1968.



SOURCE: Table 5.

Chart 25

TELEVISION BROADCASTING INDUSTRY – WAGES AND PRODUCTIVITY BY REVENUE GROUPS, 1968.



SOURCE: Table. 5.

These charts require further explanation. The average for the individual industry is 100.0; and, the average for each revenue group is determined in relationship to the industry average. For example, the revenue groups which have an index below 100.0 have, on average, lower wages and productivity than the industry average.

To interpret the graph it is necessary to consider the *rate of change* of each curve, not the absolute level. (The fact that the level of wages is above that of productivity in television and the reverse in radio is of no consequence since we are dealing with an index of relative measure.)

In radio, the rate of change of wages equals that of productivity in the lower three categories. However, in the \$500,000-\$1,000,000 and \$1,000,000-plus revenue groups, changes in wages lag behind changes in productivity. This indicates an increasing return to capital as the stations increase their total revenue.

When we look at these trends in television, it is evident that wages and productivity move very closely together. That is, increased productivity is proportionally met by increased wages. It should be noted that this parallel movement in television is for 1968 only. As we pointed out earlier, the increase of productivity in television has significantly exceeded the increase in wages within the industry between 1962 and 1968.

In both media there is an outstanding increase in productivity as the station grows in size. This suggests the existence of economies of scale. The hypothesis that both media exhibit cost economies characteristic of a "natural monopoly" industry is explored in greater detail.

Table 113. Employment, Wages and Productivity, by Size of Total Revenue, 1968

	Technical Operators		Administration		Sales and Promotion		Programme					
Revenue Group	Number of Em-ployees	Annual Average Salary	Number of Em-ployees	Annual Average Salary	Number of Em-ployees	Annual Average Salary	Number of Em-ployees	Annual Average Salary	Annual Average Salary	Index. Annual Average Salary	Value Added Per Em-ployee*	Index Value Added per Em-ployee†
¡		Dollars		Dollars		Dollars		Dollars	Dollars		Dollars	
Radio												
under $100,000	65	3,535	126	3,923	90	4,663	216	2,029	3,231	50.0	3,892	35.7
$100,000 – $249,000 . .	172	5,458	411	5,989	256	7,414	697	3,531	4,976	77.1	7,251	66.5
$250,000 – $499,000 . .	175	5,157	414	6,370	272	8,339	856	5,835	6,262	97.0	9,457	86.8
$500,000 – $999,000 . .	117	6,553	279	5,833	213	10,725	565	7,434	7,445	115.3	12,793	117.4
$1,000,000 and over . .	143	6,898	255	8,344	189	14,025	516	8,750	9,259	143.4	19,445	178.4
Television												
under $250,000	44	3,493	37	4,615	16	5,806	89	6,303	5,272	75.4	8,434	52.3
$250,000 – $499,000 . .	93	3,858	84	8,000	47	6,641	188	4,713	5,421	77.8	9,620	59.7
$500,000 – $999,000 . .	138	5,534	110	6,775	52	9,454	230	4,688	5,809	83.4	12,078	74.9
$1,000,000 – $1,500,000	108	5,168	97	6,773	55	8,764	212	7,297	6,873	98.7	12,776	79.2
$1,000,000 and over . .	782	7,710	456	7,472	216	10,641	873	7,015	7,654	109.9	19,487	120.9

*Index is based on average annual salary for all employees in revenue group.

†Index is based on average value added per employee for all employees, i.e. for the industry value added = 100 and all revenue groups' index numbers are based in relation to the average for the industry.

SOURCES: Radio and Television Broadcasting D.B.S. 56-204, 1968
Unpublished D.B.S. Statistics.

WAGES AND PRODUCTIVITY BY REGION

The data in Table 114 provides a breakdown of wages and productivity by region.

Overall in both media, the Atlantic region had the lowest annual salaries in 1968. In television, only Ontario and British Columbia have salary levels above the national average. In radio, Quebec, Ontario, and Manitoba have above-average salaries. These patterns are true for most types of occupations.

The regional disparity can be explained by the regional disparity in productivity (see "value added" for all employees in Tables 113 and 114). The productivity is positively correlated with the size of the population in each province. Economies of scale exist in areas with larger population. Thus the variation in productivity can be explained, first, by the variations in economies of scale and, second, by regional disparity in the general wage level throughout the nation.

While the figures are drawn from D.B.S. data, some of those relating to television appear open to some question. For example, the average annual wage for sales and promotion and for program staff in the Atlantic Region are shown as being higher than in other parts of Canada, which appears to be out of line with general wage levels in the Atlantic area and the level of productivity of the industry located there.

Table 114. Employment, Wages and Productivity by Region

	Atlantic Region	Que.	Ont.	Sask. Man.	Alta.	B.C.	Can.
TELEVISION							
Technical Operator							
Number of Employees	91	416	490	75	51	42	1,165
Annual Average Wage	$ 4,718	6,603	7,372	5,919	6,975	6,905	6,750
Salary Index	69.9	97.8	109.2	87.7	103.3	102.3	100.0
Administration							
Number of Employees	89	210	271	79	91	44	784
Annual Average Wage	$ 4,032	6,024	8,862	6,779	8,026	8,379	7,209
Salary Index	55.9	83.6	122.9	94.0	111.3	116.2	100.0
Sales and Promotion							
Number of Employees	28	70	159	43	61	25	386
Annual Average Wage	$ 13,335	7,876	9,824	10,519	7,400	11,462	9,526
Salary Index	140.0	82.7	103.1	110.4	77.7	120.3	100.0
Programme Staff							
Number of Employees	122	438	521	222	172	117	1,592
Annual Average Wage	$ 7,609	6,880	6,873	5,122	5,074	5,676	6,405
Salary Index	118.8	107.4	107.3	80.0	79.2	88.6	100.0
All Employees							
Number of Stations	10	13	17	14*	7	7	68*
Number of Employees	330	1,134	1,441	425	375	228	3,933
Annual Average Salary	$ 6,308	6,681	7,743	6,020	6,427	7,060	6,965
Index	90.6	95.9	111.2	86.4	92.3	101.4	100.0
Value added per employee	$12,181	17,204	17,833	12,953	13,907	15,212	16,127
Index	75.5	106.7	110.6	80.3	86.2	94.3	100.0

*Includes six nonclassified employees

SOURCE: D.B.S. 56-204 and unpublished D.B.S. statistics

	Nfld/PEI	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Can.
RADIO										
Technical Operators										
Number of Employees	25	28	23	197	259	26	43	40	39	680
Annual Average Salary	$5,470	3,417	4,304	6,739	5,677	4,163	4,049	4,034	5,976	5,597
Salary Index	97.7	61.1	76.9	120.4	101.4	74.4	72.3	72.1	106.8	100.0
Administration										
Number of Employees	50	64	48	328	522	74	93	126	175	1,480
Annual Average Salary	$7,360	4,487	4,840	7,293	6,212	4,369	4,640	6,024	6,169	6,111
Salary Index	120.4	73.4	79.2	119.3	101.7	71.5	75.9	98.6	100.9	100.0
Sales and Promotion										
Number of Employees	25	44	22	199	383	44	66	113	141	1,037
Annual Average Salary	$7,360	8,910	6,751	9,102	9,010	10,647	9,277	7,737	10,461	9,080
Salary Index	81.1	98.1	74.4	100.2	99.2	117.3	102.2	85.2	115.2	100.0
Programme Staff										
Number of Employees	82	127	88	659	955	125	190	274	355	2,855
Annual Average Salary	$2,998	5,231	5,591	5,285	5,899	7,825	6,260	6,893	6,936	5,967
Salary Index	50.2	87.7	93.7	88.6	98.9	131.1	104.9	115.5	116.2	100.0
*All Employees**										
Number of Stations	10	18	10	66	111	16	20	24	44	319
Number of Employees	182	263	186	1,422	2,146	269	393	563	710	6,134
Annual Average Salary	$4,748	5,472	5,351	6,423	6,481	6,982	6,134	6,624	7,394	6,457
Index	73.5	84.7	82.9	99.5	100.4	108.1	95.0	102.6	114.5	100.0
Value added per Employee	$8,217	8,432	8,996	11,065	11,231	11,480	9,589	11,105	12,012	10,900
Index	75.4	77.4	82.5	101.5	103.0	105.3	88.0	101.9	110.2	100.0

*Includes some unclassified employees

Sources: D.B.S. 56-204 and unpublished D.B.S. statistics

Chapter 4:

PROFITABILITY

Tables 115 to 123 contain operating revenue, operating expense and balance sheet data for the Canadian private broadcasting sector for the five year period 1964 to 1968. With the exception of property accounts, the data have been aggregated on the basis of three different types of broadcasting units: first, privately-owned radio stations operated by companies which do not operate television stations; second, privately-owned television stations operated by companies which do not operate radio stations; and, third, privately-owned radio and television stations which are operated jointly by the same company (and which therefore have consolidated balance sheets for the radio and television operations).

The emphasis in this section will be on the profitability of broadcasting operations falling in these three different categories. The tables also contain detailed information on operating revenues and expenses. With the exception of the third type above, the data have been tabulated by revenue groups. It was not possible, in the time available, to assemble the data for radio and television stations operated jointly by the same company on a revenue group basis.

The data contained in these tables are the result of a special tabulation undertaken by the C.R.T.C. and D.B.S.

Table 124 contains calculations of profit rates for broadcasters from 1964 to 1968. Three profit measures have been used. The first is net operating revenue as a percentage of total operating revenue.

This measure is not particularly meaningful in absolute terms, but does act as a useful indicator of year-to-year changes in revenues relative to expenses. The second measure is before-tax profits as a percent of equity. This indicates the percentage return accruing to shareholder equity in broadcasting enterprises. The third measure, before-tax return on assets, gives returns (including interest) as a percentage of total assets in the enterprises.

One of the most striking features of this table is the high degree of year-to-year instability in most of the profit rates. Notable exceptions are the rates for the aggregate of all radio stations operating independently of television stations. All three profit measures for these stations have shown a relatively stable upward trend over the period.

Table 115. Operating Revenue and Expenses of Privately-Owned Radio Stations for those Companies which are not Operating any TV Stations, by Revenue Group, 1964-1968

	Under $100,000 (42 stations)	$100,000-249,999 (102 stations)	$250,000-499,999 (62 stations)	$500,000-999,999 (33 stations)	$1,000,000 and over (22 stations)	Total (261 stations)
			dollars			
1968						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	594,721	2,693,368	4,403,609	5,681,034	17,856,413	31,229,145
Local advertising	2,119,072	11,539,991	11,828,850	10,387,275	11,365,553	47,240,741
Total broadcasting revenue	2,713,793	14,233,359	16,232,459	16,068,309	29,221,966	78,469,886
Non-broadcasting revenue	51,243	167,764	179,601	359,256	685,073	1,442,937
Total operating revenue	2,765,036	14,401,123	16,412,060	16,427,565	29,907,039	79,912,823
Operating expenses*:						
Representatives commissions	49,084	382,268	673,993	695,704	2,353,828	4,154,877
Interest charges	76,382	279,409	319,856	266,146	106,629	1,048,422
Depreciation and amortization of lease-hold improvements	236,838	777,710	721,029	699,156	888,120	3,323,853
Rent, repairs and maintenance, and insurance	228,566	988,031	910,577	827,272	1,049,624	4,004,070
Property taxes	28,644	114,207	109,517	102,487	187,516	542,371
Fuel, electricity and water	56,407	218,684	220,793	201,795	187,751	885,430
Car, truck and other property expenses	50,382	145,309	160,167	152,226	128,505	636,589
Salaries, wages and bonuses	1,546,558	7,162,876	7,971,515	6,679,616	9,631,464	32,992,029
Staff benefits	50,379	250,903	268,543	255,811	486,322	1,311,958
Artist and other talent fees	26,913	215,669	257,286	479,986	894,978	1,874,832
Performing rights	46,793	304,440	374,194	389,126	663,992	1,778,545
Telephone, telegraph and tele-typewriter services	95,114	379,064	379,289	348,442	446,419	1,648,328
Wire line or microwave services	30,086	149,064	98,163	78,530	150,406	506,254
Other payments for outside services	192,003	928,242	910,259	930,189	1,578,999	4,539,692
Films, tapes, recordings-rentals and purchases	36,675	160,392	121,445	157,263	141,173	616,948
Advertising, promotion and travel	146,947	710,314	889,680	1,096,828	2,292,476	5,136,245

Taxes (other than income or property) and licences	30,028	141,165	193,830	200,915	455,249	1,021,187
Office supplies and expenses	62,032	242,154	262,749	249,767	329,921	1,146,623
Freight, express, duty and cartage	6,309	16,216	10,290	8,134	13,282	54,231
Bad and doubtful accounts	24,671	151,867	127,048	156,953	175,447	635,986
Other operating expenses	84,020	190,285	321,010	364,988	551,727	1,512,030
Total operating expenses	3,104,831	13,908,269	15,301,238	14,341,334	22,713,828	69,369,500
Net operating revenue	(339,795)	492,854	1,110,822	2,086,231	7,193,211	10,543,323
1967						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	560,534	2,851,136	4,723,676	5,946,466	15,029,272	29,111,084
Local advertising	1,781,793	11,375,254	11,522,369	8,849,283	8,660,746	42,189,445
Total broadcasting revenue	2,342,327	14,226,390	16,246,045	14,795,749	23,690,018	71,300,529
Non-broadcasting revenue	66,955	86,694	325,674	318,196	511,972	1,309,491
Total operating revenue	2,409,282	14,313,084	16,571,719	15,113,945	24,201,990	72,610,020
Operating expenses*:						
Representatives commissions	43,566	362,987	664,858	753,592	2,001,258	3,826,261
Interest charges	62,989	217,590	253,074	212,087	125,157	870,897
Depreciation and amortization of lease-hold improvements	156,681	853,878	872,123	553,536	836,186	3,272,404
Rent, repairs and maintenance, and insurance	194,045	947,702	925,899	679,579	1,035,099	3,782,324
Property taxes	19,066	104,420	112,627	100,479	143,545	480,137
Fuel, electricity and water	51,521	211,046	224,450	192,687	133,384	813,088
Car, truck and other property expenses	35,655	123,819	145,974	119,142	69,932	494,522
Salaries, wages and bonuses	1,333,223	7,115,832	7,683,547	6,337,198	7,642,868	30,112,668
Staff benefits	35,505	230,001	257,847	278,020	320,052	1,121,425
Artist and other talent fees	19,540	214,431	437,100	414,217	772,540	1,857,828
Performing rights	42,656	281,891	371,077	389,856	560,223	1,651,703
Telephone, telegraph and teletypewriter services	75,028	381,480	386,364	300,549	331,176	1,474,597
Wire line or microwave services	23,952	123,846	99,896	113,955	118,968	480,617
Other payments for outside services	148,761	848,786	874,995	765,656	1,063,402	3,701,640
Films, tapes, recordings-rentals and purchases	33,059	170,496	134,004	119,686	113,762	571,007
Advertising, promotion and travel	92,850	727,614	1,039,026	1,079,761	1,975,744	4,914,995

Table 115. Operating Revenue and Expenses of Privately-Owned Radio Stations for those Companies which are not Operating any TV Stations, by Revenue Group, 1964-1968 – Continued

	Under $100,000 (42 stations)	$100,000-249,999 (102 stations)	$250,000-499,999 (62 stations)	$500,000-999,999 (33 stations)	$1,000,000 and over (22 stations)	Total (261 stations)
Taxes (other than income or property) and licences	28,337	160,954	193,565	188,460	341,095	912,411
Office supplies and expenses	49,590	245,876	267,812	208,215	271,119	1,042,612
Freight, express, duty and cartage	4,747	16,200	10,105	31,629	16,874	79,555
Bad and doubtful accounts	27,511	137,778	154,392	126,253	153,189	599,123
Other operating expenses	34,888	163,116	403,815	257,427	402,619	1,261,865
Total operating expenses	2,513,170	13,645,743	15,512,550	13,221,984	18,428,192	63,321,639
Net operating revenue	103,888	667,341	1,059,169	1,891,961	5,773,789	9,288,381
1966						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	625,237	2,688,631	4,214,960	5,301,438	12,864,643	25,694,909
Local advertising	2,254,748	10,858,610	10,796,330	6,898,754	7,160,776	37,969,218
Total broadcasting revenue	2,879,985	13,547,241	15,011,290	12,200,192	20,407,408	63,664,127
Non-broadcasting revenue	118,015	84,298	248,507	189,085	381,989	1,021,894
Total operating revenue	2,998,000	13,631,539	15,259,797	12,389,277	20,407,408	64,686,021
Operating expenses*:						
Representatives commissions	66,949	335,333	591,638	635,614	1,872,788	3,502,322
Interest charges	81,240	195,405	284,285	179,343	116,754	857,027
Depreciation and amortization of lease-hold improvements	240,727	754,630	883,930	496,437	812,899	3,188,623
Rent, repairs and maintenance, and insurance	257,745	845,546	809,984	616,804	990,450	3,520,529
Property taxes	23,022	93,664	86,847	95,718	125,803	425,054
Fuel, electricity and water	58,021	201,901	198,603	130,928	116,855	7,063,308
Car, truck and other property expenses	47,250	140,893	141,201	58,572	74,612	464,528
Salaries, wages and bonuses	1,637,556	6,455,476	7,216,391	5,281,997	6,314,436	26,932,856

Staff benefits	41,637	193,308	235,186	242,020	247,963	960,114
Artist and other talent fees	28,015	153,919	267,668	511,041	784,137	1,744,780
Performing rights	60,074	286,596	338,262	285,953	502,866	1,473,751
Telephone, telegraph and teletypewriter services; Wire line or microwave services; Other payments for outside services	288,116	1,203,956	1,213,108	920,619	1,239,335	4,865,134
Films, tapes, recordings-rentals and purchases	50,615	118,148	181,770	94,495	84,841	529,869
Advertising, promotion and travel	129,950	630,911	1,029,516	1,005,012	1,685,055	4,480,444
Taxes (other than income or property) and licences	32,522	158,096	175,990	168,367	268,972	803,947
Office supplies and expenses	65,138	204,466	242,708	165,453	218,188	895,953
Freight, express, duty and cartage	8,147	12,278	9,583	25,239	11,191	66,438
Bad and doubtful accounts	27,382	132,839	144,235	92,538	112,913	509,907
Other operating expenses	42,053	123,574	315,466	284,209	448,574	1,213,876
Total operating expenses	3,186,159	12,240,939	14,366,371	11,290,359	16,055,632	57,139,460
Net operating revenue	(188,159)	1,390,600	893,426	1,098,918	4,351,776	7,546,651
1965						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	602,457	2,597,836	3,477,471	4,957,786	12,388,780	24,024,330
Local advertising	2,368,407	10,169,400	8,443,846	6,840,865	6,762,438	34,584,956
Total broadcasting revenue	2,970,864	12,767,236	11,921,317	11,798,651	19,151,218	58,609,286
Non-broadcasting revenue	84,550	102,007	177,362	243,613	516,982	1,124,514
Total operating revenue	3,055,414	12,869,243	12,098,679	12,042,264	19,668,200	59,733,800
Operating expenses*:						
Representatives commissions	70,259	338,536	918,500	550,474	2,017,405	3,488,684
Interest charges	69,674	274,007	189,922	212,918	79,338	825,859
Depreciation and amortization of lease-hold improvements	237,631	821,379	734,740	605,169	910,440	3,309,359
Rent, repairs and maintenance, and insurance	251,971	786,018	653,576	587,541	781,439	3,060,545
Property taxes	29,825	97,992	64,085	86,974	102,961	381,837

Table 115. Operating Revenue and Expenses of Privately-Owned Radio Stations for those Companies which are not Operating any TV Stations, by Revenue Group, 1964-1968 – Continued

	Under $100,000 (42 stations)	$100,000-249,999 (102 stations)	$250,000-499,999 (62 stations)	$500,000-999,999 (33 stations)	$1,000,000 and over (22 stations)	Total (261 stations)
Fuel, electricity and water	66,467	197,590	161,343	158,756	107,207	691,363
Car, truck and other property expenses	35,598	94,114	121,743	70,856	61,988	384,299
Salaries, wages and bonuses	1,628,647	6,151,831	5,812,562	5,375,718	5,772,211	24,740,969
Staff benefits	33,750	148,741	145,668	223,293	245,464	796,916
Artist and other talent fees	61,111	199,985	224,058	462,287	914,493	1,861,932
Performing rights	70,327	262,334	266,544	255,832	458,944	1,313,981
Telephone, telegraph and teletypewriter services; Wire line or microwave services; Other payments for outside services	303,892	1,139,014	998,142	891,518	1,207,242	4,539,808
Films, tapes, recordings-rentals and purchases	40,462	121,677	150,368	109,625	102,620	524,752
Advertising, promotion and travel	122,490	629,679	868,345	1,093,095	1,869,835	4,583,444
Taxes (other than income or property) and licences	34,090	143,864	147,976	172,670	275,196	773,798
Office supplies and expenses	59,044	194,078	189,426	158,610	188,256	789,414
Freight, express, duty and cartage	5,502	13,604	9,937	31,947	11,564	72,554
Bad and doubtful accounts	32,387	142,789	168,494	82,293	121,207	547,170
Other operating expenses	27,240	133,375	256,489	166,992	552,054	1,136,150
Total operating expenses	3,180,367	11,890,605	11,675,430	11,296,568	1,577,864	53,822,834
Net operating revenue	(124,953)	978,638	423,249	745,696	3,888,336	5,910,966
1964						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	700,073	2,913,545	3,090,306	5,010,859	11,432,622	23,147,405
Local advertising	2,819,420	9,482,390	7,336,237	5,453,306	5,921,628	31,012,981
Total broadcasting revenue	3,519,493	12,395,935	10,436,543	10,464,165	17,354,250	54,160,386
Non-broadcasting revenue	70,902	152,360	158,827	337,854	501,934	1,221,877
Total operating revenue	3,590,395	12,548,295	10,585,370	10,802,019	17,856,184	55,382,263

Operating expenses*:						
Representatives commissions	86,326	381,404	440,243	560,372	1,904,309	3,372,654
Interest charges	121,941	262,868	216,700	433,115	49,387	1,084,011
Depreciation and amortization of lease-hold improvements	263,788	788,040	557,044	491,754	916,674	3,017,300
Rent, repairs and maintenance, and insurance	294,571	765,998	606,462	445,359	755,064	2,867,454
Property taxes	38,825	94,474	65,674	68,869	91,863	359,705
Fuel, electricity and water	85,337	218,435	187,042	143,910	117,473	752,197
Car, truck and other property expenses						
Salaries, wages and bonuses	1,920,784	6,009,539	5,151,234	4,362,235	5,619,546	23,063,338
Staff benefits	36,681	145,621	121,875	126,703	197,475	628,355
Artist and other talent fees	55,373	219,366	211,910	312,220	1,111,969	1,910,838
Performing rights	73,388	253,516	262,144	241,519	417,123	1,247,690
Telephone, telegraph and teletypewriter services; Wire line of microwave services; Other payments for outside services	348,213	1,079,831	722,614	877,433	1,054,324	4,082,415
Films, tapes, recordings-rentals and purchases	46,603	107,661	111,457	96,527	110,587	472,837
Advertising, promotion and travel	170,455	656,017	782,777	859,630	1,658,068	4,126,947
Taxes (other than income or property) and licences	43,448	171,707	111,648	154,097	239,409	720,309
Office supplies and expenses	109,400	383,648	292,622	202,682	347,985	1,336,337
Freight, express, duty and cartage						
Bad and doubtful accounts						
Other operating expenses	55,685	232,120	159,317	235,643	404,448	1,087,263
Total operating expenses	3,750,818	11,770,295	10,000,763	9,612,070	14,995,704	50,129,650
Net operating revenue	(160,423)	778,000	584,607	1,189,949	2,860,480	5,252,613

*Excludes advertising agency commissions.
SOURCE: Special Tabulation prepared by D.B.S. for the C.R.T.C. July, 1970.

Table 116. Operating Revenue and Expenses of Privately-owned TV Stations for those Companies which are not Operating any Radio Stations by Revenue Group, 1964-1968

	Under $250,000 (8 stations)	$250,000-499,999 (5 stations)	$500,000-999,999 (5 stations)	$1,000,000-1,499,999 (3 stations)	$1,500,000-and over (8 stations)	Total (29 stations)
1968	$	$	$	$	$	$
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	671,297	1,433,502	2,522,817	2,129,420	36,120,652	42,877,688
Local advertising	597,631	820,232	808,230	1,217,269	5,069,760	8,513,122
Total broadcasting revenue	1,268,928	2,253,734	3,331,047	3,346,689	41,190,412	51,390,810
Non-broadcasting revenue	42,541	52,709	106,057	75,434	9,631,846	9,908,587
Total operating revenue	1,311,469	2,306,443	3,437,104	3,422,123	50,822,258	61,299,397
Operating expenses[1]:						
Representatives commissions	32,194	73,709	165,457	121,200	1,977,666	2,370,226
Interest charges	32,652	72,941	47,783	12,014	760,087	925,477
Depreciation and amortization of lease-hold improvements	210,250	228,269	199,571	171,610	3,156,182	3,965,882
Rent, repairs and maintenance and insurance	83,437	218,811	250,405	267,236	2,489,717	3,309,606
Property taxes	9,664	20,497	36,407	29,145	283,953	379,666
Fuel, electricity and water	43,819	55,748	48,341	30,498	276,467	454,873
Car, truck and other property expenses	12,364	7,268	29,895	36,376	116,459	202,362
Salaries, wages and bonuses	555,505	799,901	1,059,775	1,329,827	11,385,463	15,130,471
Staff benefits	10,636	35,808	46,379	63,900	652,252	808,975
Artist and other talent fees	4,018	12,157	21,532	24,770	2,662,454	2,724,931
Performing rights	26,207	46,485	57,685	54,590	842,819	1,027,786
Telephone, telegraph and tele-typewriter services	22,593	31,981	43,847	35,358	366,127	499,906
Wire line or microwave services	2,218	18,883	19,654	2,353	264,298	307,406
Other payments for outside services	57,331	92,381	94,097	124,897	908,295	1,277,001

Films, tapes, recordings-rentals and purchases	119,304	235,783	445,027	420,865	8,794,460	10,015,439
Advertising, promotion and travel	47,936	77,864	127,394	102,238	1,770,778	2,126,210
Taxes (other than income or property) and licences	13,986	30,446	63,195	47,645	757,597	912,869
Office supplies and expenses	12,690	28,256	28,281	26,481	298,413	394,121
Freight, express, duty and cartage	9,717	27,535	19,108	20,296	303,791	380,447
Bad and doubtful accounts	9,006	9,063	13,387	5,701	114,601	151,758
Other operating expenses	57,017	51,815	86,194	38,577	565,199	798,802
Total operating expenses	1,372,544	2,175,601	2,903,414	2,965,577	38,747,078	48,164,214
Net operating revenue	(61,075)	130,842	533,690	456,546	12,075,180	13,135,183
1967						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	291,779	1,267,482	1,807,667	2,160,067	33,248,427	38,775,422
Local advertising	274,876	734,756	1,312,058	1,152,776	4,332,901	7,807,367
Total broadcasting revenue	566,655	2,002,238	3,119,725	3,312,843	37,581,328	46,582,789
Non-broadcasting revenue	19,325	40,742	88,191	99,828	8,489,810	8,737,896
Total operating revenue	585,980	2,042,980	3,207,916	3,412,671	46,071,138	55,320,685
Operating expenses[1]:						
Representatives commissions	12,458	97,247	139,686	127,928	1,938,726	2,316,045
Interest charges	15,196	80,468	57,708	9,094	873,200	1,035,666
Depreciation and amortization of lease-hold improvements	43,909	225,193	205,986	240,076	2,984,273	3,699,437
Rent, repairs and maintenance, and insurance	40,685	188,691	209,073	188,784	2,558,290	3,185,523
Property taxes	5,127	15,081	23,229	24,933	225,373	293,743
Fuel, electricity and water	12,073	53,537	62,832	44,440	263,867	436,749
Car, truck and other property expenses	4,712	14,160	29,615	36,529	100,359	185,375
Salaries, wages and bonuses	272,045	712,840	1,004,576	1,195,620	10,842,933	14,028,014
Staff benefits	3,014	24,943	45,186	97,205	590,388	760,736
Artist and other talent fees	3,015	3,805	17,512	30,505	2,803,588	2,858,425
Performing rights	11,570	29,922	63,496	71,674	915,435	1,092,097
Telephone, telegraph and tele-typewriter services	10,441	30,229	43,988	35,249	346,991	466,898

Table 116. Operating Revenue and Expenses of Privately-Owned TV Stations for those Companies which are not Operating any Radio Stations, by Revenue Group, 1964-1968 – Continued

	Under $250,000 (8 stations)	$250,000-499,999 (5 stations)	$500,000-999,999 (5 stations)	$1,000,000-1,499,999 (3 stations)	$1,500,000-and over (8 stations)	Total (29 stations)
	dollars					
Wire line or microwave services	–	1,508	20,717	4,250	332,019	358,494
Other payments for outside services	22,725	117,205	104,338	112,642	791,917	1,148,827
Films, tapes, recordings-rentals and purchases	58,318	155,754	430,382	371,322	8,394,499	9,410,275
Advertising, promotion and travel	18,742	74,855	120,890	96,115	1,609,011	1,919,613
Taxes (other than income or property) and licences	6,026	16,988	36,345	46,023	716,882	822,264
Office supplies and expenses	6,649	17,289	31,649	25,195	302,516	383,298
Freight, express, duty and cartage	6,845	22,360	24,043	18,752	315,733	387,733
Bad and doubtful accounts	3,281	7,236	16,813	5,139	51,540	84,009
Other operating expenses	10,721	32,439	108,171	39,162	139,308	329,801
Total operating expenses	567,552	1,921,750	2,796,235	2,820,637	37,096,848	45,203,022
Net operating revenue	18,428	121,230	411,681	592,034	8,974,290	10,117,663
1966						
Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	171,064	1,272,107	2,268,309	1,454,362	28,314,351	33,380,193
Local advertising	173,102	678,843	1,315,678	707,472	3,639,732	6,514,827
Total broadcasting revenue	344,166	1,950,950	3,583,987	2,161,834	31,954,083	39,995,020
Non-broadcasting revenue	25,077	55,906	118,773	61,417	7,771,643	8,032,816
Total operating revenue	369,243	2,006,856	3,702,760	2,223,251	39,725,726	48,027,836
Operating expenses[1]:						
Representatives commissions	7,479	57,099	140,179	91,267	1,838,515	2,134,539
Interest charges	5,213	84,497	64,159	3,804	765,102	922,775

Depreciation and amortization of lease-hold improvements	31,074	258,553	277,325	152,601	2,192,518	2,912,071
Rent, repairs and maintenance, and insurance	25,121	211,519	293,149	113,116	2,165,350	2,808,255
Property taxes	2,892	14,123	27,707	15,333	199,606	259,661
Fuel, electricity and water	7,166	53,142	55,430	30,065	254,109	399,912
Car, truck and other property expenses	3,550	11,263	29,039	9,486	87,864	141,202
Salaries, wages and bonuses	173,056	701,870	1,462,032	861,524	8,878,839	12,077,321
Staff benefits	1,195	26,825	30,599	58,067	521,367	638,053
Artist and other talent fees	2,990	16,059	6,824	35,460	2,316,728	2,378,061
Performing rights	6,786	29,911	53,099	44,237	767,304	901,337
Telephone, telegraph and tele-typewriter services						
Wire line or microwave services	25,208	104,632	265,327	100,724	1,220,482	1,716,373
Other payments for outside services						
Films, tapes, recordings-rentals and purchases	41,880	153,219	379,947	293,694	6,702,048	7,570,788
Advertising, promotion and travel	13,998	66,247	256,760	85,177	1,199,019	1,621,201
Taxes (other than income or property) and licences	3,381	17,676	32,667	29,658	608,753	692,135
Office supplies and expenses	5,311	20,579	58,934	11,628	233,361	329,813
Freight, express, duty and cartage	3,531	22,665	42,089	8,676	186,161	263,122
Bad and doubtful accounts	2,247	21,219	30,407	–	88,650	142,523
Other operating expenses	9,368	33,079	118,209	43,412	570,898	774,966
Total operating expenses	371,446	1,904,177	3,623,882	1,987,929	30,796,674	38,684,108
Net operating revenue	(2,203)	102,679	78,878	235,322	8,929,052	9,343,728

1965

Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	764,373	1,256,630	3,367,220	1,434,177	27,005,573	33,827,973
Local advertising	516,070	899,384	1,155,962	702,105	6,211,991	9,485,512
Total broadcasting revenue	1,280,443	2,156,014	4,523,132	2,136,282	33,217,564	43,313,485
Non-broadcasting revenue	29,644	108,026	91,690	86,140	2,843,360	3,158,860
Total operating revenue	1,310,087	2,264,040	4,614,872	2,222,422	36,060,924	46,472,345

Table 116. Operating Revenue and Expenses of Privately-Owned TV Stations for those Companies which are not Operating any Radio Stations, by Revenue Group, 1964-1968 – Continued

	Under $250,000 (8 stations)	$250,000-499,999 (5 stations)	$500,000-999,999 (5 stations)	$1,000,000-1,499,999 (3 stations)	$1,500,000-and over (8 stations)	Total (29 stations)
			dollars			
Operating expenses[1]:						
Representatives commissions	59,829	73,608	170,300	84,556	1,839,813	2,228,106
Interest charges	55,023	83,574	123,247	3,105	845,768	1,110,717
Depreciation and amortization of lease-hold improvements	201,776	100,153	400,219	117,065	1,978,421	2,797,634
Rent, repairs and maintenance, and insurance	113,776	123,913	333,752	140,633	1,526,159	2,238,233
Property taxes	14,456	18,552	26,793	17,049	217,285	294,135
Fuel, electricity and water	38,219	41,746	68,395	44,811	263,582	456,753
Car, truck and other property expenses	18,024	10,574	49,900	23,515	64,457	166,470
Salaries, wages and bonuses	608,661	911,779	1,688,254	861,973	8,117,574	12,188,241
Staff benefits	26,611	23,091	50,737	31,067	401,577	533,083
Artist and other talent fees	9,549	30,802	57,923	26,473	2,230,414	2,355,161
Performing rights	23,526	38,989	63,190	45,898	667,181	838,784
Telephone, telegraph and teletypewriter services; Wire line or microwave services; Other payments for outside services	104,710	98,902	271,147	65,759	1,111,777	1,652,295
Films, tapes, recordings-rentals and purchases	90,872	267,870	337,812	217,426	5,903,514	6,817,494
Advertising, promotion and travel	42,639	67,356	265,282	63,165	1,352,183	1,790,625
Taxes (other than income or property) and licences	13,176	20,631	65,497	29,130	526,137	654,571
Office supplies and expenses	24,430	24,949	61,399	14,216	243,417	368,411
Freight, express, duty and cartage	7,236	23,667	39,678	14,308	181,420	266,309
Bad and doubtful accounts	6,717	21,761	68,237	6,180	82,757	185,652
Other operating expenses	51,553	30,718	101,212	27,744	445,428	656,655
Total operating expenses	1,510,783	2,012,635	4,242,974	1,834,073	27,998,864	37,599,329
Net operating revenue	(200,696)	251,405	371,898	388,349	8,062,060	8,873,016

1964

Operating revenue:						
Broadcasting revenue from:						
Network and national advertising	864,957	1,144,880	2,307,533	3,699,303	20,636,879	28,653,552
Local advertising	647,167	908,239	971,161	1,073,074	3,422,178	7,021,819
Total broadcasting revenue	1,512,124	2,053,119	3,278,694	4,772,377	24,059,057	35,675,371
Non-broadcasting revenue	58,711	144,184	78,230	226,229	4,105,532	4,612,886
Total operating revenue	1,570,835	2,197,303	3,356,924	4,998,606	28,164,589	40,288,257
Operating expenses[1]:						
Representatives commissions	65,674	58,885	147,916	176,167	1,606,514	2,055,156
Interest charges	66,430	118,133	24,503	75,498	916,290	1,200,854
Depreciation and amortization of lease-hold improvements	211,223	69,254	255,052	344,080	1,804,503	2,684,112
Rent, repairs and maintenance, and insurance	184,452	191,910	201,881	349,053	1,445,980	2,373,276
Property taxes	17,587	16,687	28,672	29,856	202,594	295,396
Fuel, electricity and water	52,412	44,866	58,351	49,346	248,711	453,686
Car, truck and other property expenses	–	–	–	–	–	–
Salaries, wages and bonuses	737,038	947,550	1,177,612	1,820,848	7,305,437	11,988,485
Staff benefits	17,741	26,311	40,150	65,901	266,584	416,687
Artist and other talent fees	10,247	37,567	31,648	76,494	1,774,040	1,929,996
Performing rights	29,174	32,346	55,932	123,328	434,196	674,976
Telephone, telegraph and teletypewriter services; Wire line or microwave services; Other payments for outside services	82,042	102,352	143,243	195,463	1,004,284	1,527,384
Films, tapes, recordings-rentals and purchases	111,594	279,334	226,445	661,561	4,158,232	5,437,166
Advertising, promotion and travel	66,468	98,345	148,147	310,999	1,045,443	1,669,402
Taxes (other than income or property) and licences	19,412	35,893	39,893	46,903	437,360	579,461
Office supplies and expenses	40,284	65,570	39,478	89,898	298,233	533,463
Freight, express, duty and cartage	–	–	–	–	–	–
Bad and doubtful accounts	–	–	–	–	–	–
Other operating expenses	61,274	30,432	86,726	163,295	462,020	803,747
Total operating expenses	1,773,052	2,155,435	2,705,649	4,578,690	23,410,421	34,623,247
Net operating revenue	(202,217)	41,868	651,275	419,916	4,754,168	5,665,010

[1]Excludes advertising agency commissions.
Source: Special Tabulation prepared by the D.B.S. for the C.R.T.C., July 1970.

Table 117. Operating Revenue and Expenses of Privately-owned Radio and TV Stations for which Balance Sheets are Consolidated for Radio and TV Operations, 1964-1968

	1964 (76 stations)	1965 (75 stations)	1966 (98 stations)	1967 (100 stations)	1968 (97 stations)
Operating revenue:	$	$	$	$	$
Broadcasting revenue from:					
Network and national advertising	17,624,495	20,561,117	30,409,224	32,062,733	29,999,186
Local advertising	13,922,724	14,686,971	20,363,173	21,647,738	22,095,167
Total broadcasting revenue	31,547,219	35,248,088	50,772,397	53,710,471	52,094,353
Non-broadcasting revenue	1,387,528	4,340,559	1,852,056	2,297,771	2,365,058
Total operating revenue	32,934,747	39,588,647	52,624,453	56,008,242	54,459,411
Operating expenses[1]:					
Representatives commissions	1,524,558	1,663,088	2,371,688	2,419,939	2,234,426
Interest charges	747,990	710,881	644,935	903,473	827,143
Depreciation and amortization of lease-hold improvements	2,271,925	3,144,539	4,101,625	4,224,024	4,044,913
Rent, repairs and maintenance, and insurance	1,793,436	1,973,942	2,499,511	2,815,114	2,609,207
Property taxes	263,262	273,727	388,183	451,686	503,830
Fuel, electricity and water	542,370	527,356	651,961	657,404	696,282
Car, truck and other property expense	–	144,227	239,989	237,112	269,139
Salaries, wages and bonuses	11,511,834	12,870,190	17,134,517	18,498,334	18,879,651
Staff benefits	392,473	468,837	730,730	775,269	996,428
Artist and other talent fees	1,029,379	1,036,416	1,276,610	1,399,050	1,502,403
Performing rights	636,657	798,292	1,005,028	1,168,735	1,192,008
Telephone, telegraph and teletypewriter services	1,587,734	2,168,510	3,148,986	699,762	734,618
Wire line or microwave services	–	–	–	637,429	551,183
Other payments for outside services	–	–	–	2,233,990	2,412,663
Films, tapes, recordings-rentals and purchases	3,521,866	4,063,709	5,389,801	6,406,953	6,397,878
Advertising, promotion and travel	1,289,162	1,375,659	1,947,276	1,938,860	1,750,004
Taxes (other than income or property) and licences	383,048	463,911	777,295	721,193	784,272
Office supplies and expenses	461,497	339,084	462,307	471,061	456,490
Freight, express, duty and cartage	–	169,903	262,112	245,230	281,590
Bad and doubtful accounts	–	188,932	288,951	205,800	169,049
Other operating expenses	548,842	475,641	819,829	830,579	943,538
Total operating expenses	28,506,033	32,856,844	44,141,334	47,940,997	48,236,715
Net operating revenue	4,428,714	6,731,803	8,483,119	8,067,245	6,222,696

Table 118. Assets, Liabilities and Net Worth of Privately-Owned Radio Stations for those Companies which are not Operating any TV Stations by Revenue Group, 1964-1968

	Under $100,000	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	$1,000,000 & over	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1968						
Assets						
Current Assets	953,358	5,515,720	9,003,930	7,830,691	16,590,561	39,894,260
Fixed Assets:						
Radio	3,774,331	14,367,829	14,758,166	12,007,093	16,040,621	60,948,040
Television	–	–	–	–	–	–
Sub-total	3,774,331	14,367,829	14,758,166	12,007,093	16,040,621	60,948,040
Less:						
Depreciation reserve	1,175,127	7,109,969	7,801,545	5,522,470	8,941,148	30,550,259
Deferred charges	81,144	119,106	112,585	140,053	15,000	467,888
Other Assets including goodwill	232,672	1,438,962	1,573,869	2,048,547	4,779,214	10,073,264
Total assets	3,866,378	14,331,648	17,647,005	16,503,914	28,484,248	80,833,193
Liabilities & Net Worth						
Current liabilities	1,472,445	3,519,233	4,796,831	3,770,496	5,118,091	18,677,096
Long term debt	1,341,237	3,662,714	4,228,228	5,398,920	6,685,105	21,316,204
Reserves	130,892	317,122	88,744	551,230	–	1,087,988
Preferred stock	1,057,330	2,874,399	2,252,300	1,003,300	4,291,431	11,478,760
Common stock	485,683	1,850,636	1,000,659	1,606,879	429,025	5,372,882
Capital surplus	4,650	351,145	207,152	442,249	75,500	1,080,696
Earned surplus	(625,859)	1,756,399	5,073,091	3,730,840	11,885,096	21,819,567
Total Liabilities & Net Worth	3,866,378	14,331,648	17,647,005	16,503,914	28,484,248	80,833,193

Table 118. Assets, Liabilities and Net Worth of Privately-Owned Radio Stations for those Companies which are not Operating any TV Stations by Revenue Group, 1964-1968 (Continued)

	Under $100,000	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	$1,000,000 and over	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1967						
Assets						
Current Assets	973,026	5,888,736	8,419,756	5,158,563	14,010,729	34,450,810
Fixed Assets:						
Radio	3,124,762	14,066,272	16,206,555	10,366,517	13,046,908	56,811,014
Television	–	–	–	–	–	–
Sub-Total	3,124,762	14,066,272	16,206,555	10,366,517	13,046,908	56,811,014
Less:						
Depreciation reserve	1,081,060	7,518,445	7,961,033	5,285,753	6,906,508	28,752,799
Deferred charges	67,420	54,154	362,063	34,033	38,054	555,724
Other Assets including goodwill	210,497	1,965,820	2,053,615	1,116,632	3,385,334	8,731,898
Total Assets	3,294,645	14,456,537	19,080,956	11,389,992	23,574,517	71,796,647
Liabilities & Net Worth						
Current Liabilities	1,006,448	3,380,852	5,120,460	2,296,753	4,485,971	16,290,484
Long term debt	986,858	3,039,646	4,969,423	3,090,705	4,493,966	16,580,598
Reserves	244,574	220,673	128,604	338,508	159,357	1,091,716
Perferred stock	679,045	2,549,015	3,212,403	953,400	3,886,330	11,280,193
Common stock	563,449	2,046,748	1,600,981	1,515,376	389,125	6,115,679
Capital surplus	15,896	462,222	234,418	447,822	245,600	1,405,958
Earned surplus	(201,625)	2,757,381	3,814,667	2,747,428	9,914,168	19,032,019
Total Liabilities & Net Worth	3,294,645	14,456,537	19,080,956	11,389,992	23,574,517	71,796,647
1966						
Assets						
Current Assets	1,102,685	7,582,570	7,072,764	3,177,745	11,119,375	30,055,139
Fixed Assets:						
Radio	–	–	–	–	–	–

Television	3,913,232	14,255,148	14,945,968	9,285,899	12,166,848	54,567,095
Sub-Total	3,913,232	14,255,148	14,945,968	9,285,899	12,166,848	54,567,095
Less:						
Depreciation reserve	1,422,415	7,564,231	7,356,481	4,087,830	6,686,298	27,117,255
Deferred charges	78,810	53,410	128,176	22,289	9,325	292,010
Other Assets including goodwill	342,459	1,644,647	2,484,013	3,802,197	581,473	8,854,789
Total Assets	4,014,771	15,971,544	17,274,440	12,200,300	17,190,723	66,651,778
Liabilities & Net Worth						
Current Liabilities	1,291,677	3,662,609	4,652,958	2,942,939	3,982,147	16,532,330
Long term debt	1,633,452	3,365,741	5,051,392	5,306,611	1,725,509	17,082,705
Reserves	256,429	160,202	761,749	162,769	199,962	1,541,111
Preferred stock	663,780	2,627,204	2,428,992	2,444,300	962,100	9,126,376
Common stock	569,656	1,555,793	1,697,909	750,031	389,025	4,962,414
Capital surplus	29,500	319,358	228,518	8,645	–	586,021
Earned surplus	(429,723)	4,280,637	2,452,922	585,005	9,931,980	16,820,821
Total Liabilities & Net Worth	4,014,771	15,971,544	17,274,440	12,200,300	17,190,723	66,651,778

1965

Assets						
Current Assets	1,053,020	6,088,598	5,319,587	2,933,668	8,396,185	23,791,058
Fixed Assets:						
Radio	3,985,995	14,465,712	12,302,623	7,578,092	11,370,166	49,702,588
Television	–	–	–	–	–	–
Sub-Total	3,985,995	14,465,712	12,302,623	7,578,092	11,370,166	49,702,588
Less:						
Depreciation reserve	1,586,538	6,491,932	6,247,975	3,847,131	6,098,456	24,272,032
Deferred charges	8,164	64,255	92,081	–	45,828	210,328
Other Assets including goodwill	231,786	2,152,553	1,894,440	3,631,633	717,385	8,627,797
Total Assets	3,692,427	16,279,186	13,360,756	10,296,262	14,431,108	58,059,739
Liabilities & Net Worth						
Current Liabilities	1,317,340	4,555,915	4,575,886	2,296,044	3,177,730	15,922,915
Long term debt	1,010,775	3,806,717	2,887,822	5,696,922	755,370	14,157,606

Table 118. Assets, Liabilities and Net Worth of Privately-Owned Radio Stations for those Companies which are not Operating any TV Stations by Revenue Group, 1964-1968 (Continued)

	Under $100,000	$100,000-$249,999	$250,000-$499,999	$500,000-$999,999	$1,000,000 and over	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Reserves	2,985	101,162	95,884	132,647	–	332,678
Preferred stock	847,080	3,145,562	1,698,706	1,031,000	507,000	7,229,348
Common stock	570,657	1,785,017	1,430,520	718,107	444,125	4,948,426
Capital surplus	236,738	373,904	45,719	8,645	157,200	822,206
Earned surplus	(293,148)	2,510,909	2,626,219	412,897	9,389,683	14,646,560
Total Liabilities & Net Worth	3,692,427	16,279,186	13,360,756	10,296,262	14,431,108	58,059,739
1964						
Assets						
Current Assets	1,750,125	4,861,549	3,856,939	2,720,412	7,706,964	20,895,989
Fixed Assets:						
Radio	5,477,851	11,794,867	8,830,770	8,227,816	9,854,599	44,185,903
Television	–	–	–	–	–	–
Sub-Total	5,477,851	11,794,867	8,830,770	8,227,816	9,854,599	44,185,903
Less:						
Depreciation reserve	1,927,703	5,900,837	4,454,910	4,031,357	4,933,437	21,248,244
Deferred charges	39,931	123,618	130,436	8,212	12,215	314,412
Other Assets including goodwill	223,344	1,847,516	1,733,116	3,972,739	694,530	8,471,245
Total Assets	5,563,548	12,726,713	10,096,351	10,897,822	13,334,871	52,619,305
Liabilities & Net Worth						
Current Liabilities	1,886,764	3,002,961	2,608,978	3,316,706	3,638,076	14,453,485
Long term debt	2,222,747	2,202,135	3,246,009	5,612,756	1,077,307	14,360,954
Reserves	21,196	349,111	93,533	101,854	96,900	662,594
Preferred stock	726,525	2,499,780	1,684,000	1,024,542	486,500	6,421,347
Common stock	763,359	1,721,422	611,079	971,450	338,525	4,405,835
Capital surplus	236,688	36,491	–	7,500	–	280,679
Earned surplus	(293,731)	2,914,813	1,852,752	(136,986)	7,697,563	12,034,411
Total Liabilities & Net Worth	5,563,548	12,726,713	10,096,351	10,897,822	13,334,871	52,619,305

Table 119. Assets, Liabilities and Net Worth of Privately-Owned TV Stations for those Companies which are not Operating any Radio Stations by Revenue Group, 1964-1968

Year	Under $250,000	$250,000 - $499,999	$500,000 - $999,999	$1,000,000 - $1,499,999	$1,500,000 and over	Total
			Dollars			
1968						
Assets						
Current Assets	324,315	678,686	1,435,528	972,861	17,608,954	21,020,344
Fixed Assets:						
Radio	–	–	–	–	–	–
Television	2,138,685	4,622,577	3,096,996	4,195,915	38,908,748	52,962,921
Sub-total	2,138,685	4,622,577	3,096,996	4,195,915	38,908,748	52,962,921
Less:						
Depreciation reserve	751,629	2,252,429	1,431,876	2,984,099	18,353,786	25,773,819
Deferred charges	2,526	84,095	7,994	–	471,835	566,450
Other Assets including goodwill	59,394	21,024	65,000	1,700	1,546,631	1,693,749
Total Assets	1,773,291	3,153,953	3,173,642	2,186,377	40,182,382	50,469,645
Liabilities & New Worth						
Current Liabilities	504,345	1,110,465	887,360	214,595	13,965,015	16,681,780
Long term debt	211,559	922,969	348,158	12,656	6,386,720	7,882,062
Reserves	(5,382)	12,049	66,924	–	1,505,381	1,578,972
Preferred stock	344,700	598,012	471,500	–	3,463,705	4,877,917
Common stock	125,800	314,043	177,700	17,505	2,070,472	2,705,520
Capital surplus	343,000	–	–	172,500	77,737	593,237
Earned surplus	249,269	196,415	1,222,000	1,769,121	12,713,352	16,150,157
Total Liabilities & Net Worth	1,773,291	3,153,953	3,173,642	2,186,377	40,182,382	50,469,645
1967						
Assets						
Current Assets	32,780	750,808	1,457,526	858,841	17,017,822	20,117,777
Fixed Assets:						
Radio	–	–	–	–	–	–

Table 119. Assets, Liabilities and Net Worth of Privately-Owned TV Stations for those Companies which are not Operating any Radio Stations by Revenue Group, 1964-1968 (Continued)

Year	Under $250,000	$250,000 - $499,999	$500,000 - $999,999	$1,000,000 - $1,499,999	$1,500,000 and over	Total
			Dollars			
Television	556,828	5,385,944	3,868,527	3,887,076	44,235,626	57,934,001
Sub-total	556,828	5,385,944	3,868,527	3,887,076	44,235,626	57,934,001
Less:						
Depreciation reserve	99,298	2,090,518	1,887,720	2,791,216	17,451,991	24,320,743
Deferred charges	16,900	59,280	31,926	–	797,067	905,173
Other Assets including goodwill	9,508	92,442	95,391	5,788	2,020,593	2,223,722
Total Assets	516,718	4,197,956	3,565,650	1,960,489	46,619,117	56,859,930
Liabilities & Net Worth						
Current Liabilities	54,630	1,501,636	873,407	269,189	16,187,605	18,886,467
Long term debt	197,343	1,236,360	626,365	18,490	8,025,314	10,103,872
Reserves	(7,093)	343,000	77,644	103,500	1,092,002	1,609,053
Preferred stock	264,000	676,310	472,500	–	3,956,705	5,369,515
Common stock	76,000	288,222	252,722	17,505	1,832,072	2,466,521
Capital surplus	–	–	–	–	2,042,898	2,042,898
Earned surplus	(68,162)	152,428	1,263,012	1,551,805	13,482,521	16,381,604
Total Liabilities & Net Worth	516,718	4,197,956	3,565,650	1,960,489	46,619,117	56,859,930
1966						
Assets						
Current Assets	26,091	710,055	3,618,597	1,748,371	12,385,221	18,488,335
Fixed Assets:						
Radio	–	–	–	–	–	–
Television	515,110	4,616,438	5,032,466	5,446,503	34,800,973	50,411,490
Sub-total	515,110	4,616,438	5,032,466	5,446,503	34,800,973	50,411,490
Less:						
Depreciation reserve	44,870	2,082,359	1,678,708	2,981,542	13,702,782	20,490,261
Deferred charges	15,400	9,709	113,300	–	836,094	974,503

Other Assets including goodwill	9,571	114,827	254,938	2,805	3,021,299	3,403,440
Total Assets	521,302	3,368,670	7,340,593	4,216,137	37,340,805	52,787,507
Liabilities & Net Worth						
Current Liabilities	119,710	1,354,601	3,719,151	773,117	13,066,115	19,032,694
Long term debt	154,384	915,551	1,261,253	954,873	8,403,670	11,689,731
Reserves	(8,891)	–	343,000	103,810	546,724	984,643
Preferred stock	240,000	674,810	1,965,916	86,000	2,945,589	5,912,315
Common stock	70,000	325,794	215,000	177,505	2,872,118	3,660,417
Capital surplus	–	–	–	–	101,699	101,699
Earned surplus	(53,901)	97,914	(163,727)	2,120,832	9,404,890	11,406,008
Total Liabilities & Net Worth	521,302	3,368,670	7,340,593	4,216,137	37,340,805	52,787,507
1965						
Assets						
Current Assets	274,161	553,882	3,142,035	452,840	9,920,445	14,343,363
Fixed Assets:						
Radio	–	–	–	–	–	–
Television	2,012,073	3,468,868	3,875,064	2,241,599	28,694,752	40,292,356
Sub-Total	2,012,073	3,468,868	3,875,064	2,241,599	28,694,752	40,292,356
Less:						
Depreciation reserve	611,431	1,101,007	2,227,381	1,728,421	11,720,435	17,388,675
Deferred charges	42,722	4,249	41,706	–	526,366	615,043
Other Assets including goodwill	24,128	78,815	108,897	14,558	1,119,838	1,346,236
Total Assets	1,741,653	3,004,807	4,940,321	980,576	28,540,966	39,208,323
Liabilities & Net Worth						
Current Liabilities	511,265	895,081	1,967,998	56,815	11,789,768	15,220,927
Long term debt	587,983	982,879	751,298	–	7,894,575	10,216,735
Reserves	(25,702)	209,500	–	103,500	117,250	404,548
Preferred stock	589,000	613,910	1,565,300	–	2,645,789	5,413,999
Common stock	224,600	233,185	388,203	6,150	1,235,787	2,087,925
Capital surplus	–	–	–	–	77,737	77,737
Earned surplus	(145,493)	70,252	267,522	814,111	4,780,060	5,786,452
Total Liabilities & Net Worth	1,741,653	3,004,807	4,940,321	980,576	28,540,966	39,208,323

Table 119. Assets, Liabilities and Net Worth of Privately-Owned TV Stations for those Companies which are not Operating any Radio Stations by Revenue Group, 1964-1968 (Continued)

Year	Under $250,000	$250,000 - $499,999	$500,000 - $999,999	$1,000,000 - $1,499,999	$1,500,000 and over	Total
			Dollars			
1964						
Assets						
Current Assets	328,095	502,504	1,140,140	2,241,404	8,058,612	12,270,755
Fixed Assets:						
Radio	–	–	–	–	–	–
Television	2,483,569	3,580,523	3,818,095	2,861,720	24,143,556	36,887,463
Sub-Total	2,483,569	3,580,523	3,818,095	2,861,720	24,143,556	36,887,463
Less:						
Depreciation reserve	606,200	858,794	2,347,613	1,545,036	8,354,668	13,712,311
Deferred charges	57,704	52,390	44,322	880	913,664	1,068,960
Other Assets including goodwill	24,129	226,847	19,790	20,169	349,093	640,028
Total Assets	2,287,297	3,503,470	2,674,734	3,579,137	25,110,257	37,154,895
Liabilities & Net Worth						
Current Liabilities	402,205	1,046,581	289,263	1,529,790	11,503,636	14,771,475
Long term debt	1,145,075	1,225,995	396,343	713,456	8,780,659	12,261,528
Reserves	(7,164)	140,000	–	–	391,422	524,258
Preferred stock	667,625	668,490	337,000	1,230,500	2,645,789	5,549,404
Common stock	224,700	277,494	98,855	402,686	1,057,228	2,060,963
Capital surplus	–	148,418	–	–	77,737	226,155
Earned surplus	(145,144)	(3,508)	1,553,273	(297,295)	653,786	1,761,112
Total Liabilities & Net Worth	2,287,297	3,503,470	2,674,734	3,579,137	25,110,257	37,154,895

Source: Special Tabulation prepared by the D.B.S. for the C.R.T.C. July, 1970.

Table 120. Assets, Liabilities and Net Worth of Privately Owned Radio and TV Stations for which Balance Sheets are Consolidated for Radio and TV Operations, 1964 – 1968

	1964 (76 stations)	1965 (75 stations)	1966 (98 stations)	1967 (100 stations)	1968 (97 stations)
			Dollars		
Assets					
Current assets	12,017,256	13,365,167	13,222,156	14,559,623	15,308,154
Fixed assets:					
Radio	8,982,228	8,879,246	9,553,477	10,157,161	10,841,818
Television	27,738,377	29,768,214	33,061,135	35,751,471	44,644,789
Sub-Total	36,720,605	38,647,460	42,614,612	45,908,632	55,486,607
Less:					
Depreciation reserve	19,594,714	21,094,806	22,858,905	26,413,066	31,842,919
Deferred charges	79,785	87,505	114,589	116,332	103,336
Other assets, including goodwill	2,542,246	2,057,311	1,971,366	2,287,014	2,553,854
Total Assets	31,765,178	33,062,637	35,063,818	36,458,535	41,609,032
Liabilities and net worth					
Current liabilities	6,962,215	7,847,864	7,735,372	8,246,116	8,487,618
Long term debt	10,006,159	8,431,883	10,035,651	14,008,765	12,118,123
Reserves	1,744,183	1,786,356	1,894,374	1,953,298	850,357
Preferred stock	1,862,445	1,365,440	1,236,190	1,049,800	1,859,800
Common stock	1,109,361	1,239,394	898,389	1,079,454	3,274,455
Capital surplus	21,977	27,674	78,234	26,094	32,724
Earned surplus	10,058,838	12,364,026	13,185,608	10,095,008	14,985,955
Total liabilities and net worth	31,765,178	33,062,637	35,063,818	36,458,535	41,609,032

SOURCE: Special Tabulation prepared by the D.B.S. for the C.R.T.C. July, 1970.

Table 121. Number of Radio Stations Reporting an Operating Profit, and the Number Reporting Operating Loss, 1964-68, by Revenue Group

	Under $100,000		$100,000 – 249,999		$250,000 – 499,999		$500,000 – 999,999		$1,000,000 and over		Total	
	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss
1968	16	31	72	41	79	11	38	6	24	1	229	90
1967	19	26	82	31	77	11	36	3	20	–	234	71
1966	29	21	91	14	68	14	34	2	16	2	238	53
1965	33	22	87	26	52	12	25	6	16	2	215	66
1964	32	31	81	26	41	12	23	3	15	1	192	73

Number of Television Stations Reporting an Operating Profit, and the Number Reporting an Operating Loss, 1964-1968, by Revenue Group

	Under $250,000		$250,000 – 499,999		$500,000 – 999,999		$1,000,000 – 1,499,999		$1,500,000 and over		Total	
	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss
1968	9	6	11	4	13	–	5	4	14	2	52	16
1967	5	4	12	5	15	–	5	3	16	1	53	13
1966	2	7	12	2	16	2	8	2	14	–	52	13
1965	5	7	14	1	15	2	5	2	15	–	53	12
1964	8	7	12	4	13	2	4	2	14	–	51	15

SOURCE: Special Tabulation prepared by the D.B.S. for the C.R.T.C. July, 1970

Table 122. Property Account of Privately-owned Radio Stations by Revenue Group, 1964 - 1968

Year	Under $100,000	$100,000 - $249,999	$250,000 - $499,999	$500,000 - $999,999	$1,000,000 and over	Total
			Dollars			
1968						
Land	169,460	971,725	1,537,709	923,202	1,612,073	5,214,169
Buildings	624,889	2,430,431	3,946,097	2,160,816	3,451,096	12,613,329
Technical & Studio Equipment	2,814,462	9,482,491	12,554,329	8,918,414	8,482,600	42,252,296
Mortorized Vehicles & Equipment	69,105	338,687	1,022,296	534,978	301,719	2,266,785
Furniture & Fixtures	196,757	901,114	1,395,233	940,651	1,158,844	4,592,599
Unamortized Portion of leasehold improvements	164,476	465,403	325,332	508,708	456,192	1,920,111
Other	46,922	977,686	282,347	552,897	1,070,717	2,930,569
Total Fixed Assets	4,086,071	15,567,537	21,063,343	14,539,666	16,533,241	71,789,858
Depreciation	1,299,256	7,887,817	11,314,450	7,696,435	8,642,107	36,840,065
Net Fixed Assets	2,786,815	7,679,720	9,748,893	6,843,231	7,891,134	34,949,793
1967						
Land	158,912	902,511	1,311,624	700,461	1,011,360	4,084,868
Buildings	589,425	2,854,429	3,608,827	2,771,251	2,550,046	12,373,978
Technical & Studio Equipment	2,229,450	8,622,692	14,267,357	8,415,134	6,997,338	40,531,971
Motorized Vehicles & Equipment	69,514	333,720	691,971	246,915	230,157	1,572,277
Furniture & Fixtures	170,269	856,261	1,520,948	925,820	982,650	4,455,948
Unamortized Portion of leasehold improvements	101,752	174,699	473,784	159,205	465,665	1,375,105
Other	47,115	1,001,390	623,699	92,132	809,692	2,574,028
Total Fixed Assets	3,366,437	14,745,702	22,498,210	13,310,918	13,046,908	66,968,175
Depreciation	1,220,057	8,023,605	11,097,887	7,845,612	6,906,508	35,093,669
Net Fixed Assets	2,146,380	6,722,097	11,400,323	5,465,306	6,140,400	31,874,506

Table 122. Property Account of Privately-owned Radio Stations by Revenue Group, 1964 - 1968 (Continued)

Year	Under $100,000	$100,000 - $249,999	$250,000 - $499,999	$500,000 - $999,999	$1,000,000 and over	Total
			Dollars			
1966						
Land	173,764	820,582	1,094,448	590,455	1,076,421	3,755,670
Buildings	735,699	2,402,524	3,381,392	2,138,107	1,953,305	10,611,027
Technical & Studio Equipment	2,732,220	8,770,697	13,450,096	7,705,216	7,434,848	40,093,077
Motorized Vehicles & Equipment	77,327	370,822	661,696	241,950	200,131	1,551,926
Furniture & Fixtures	173,519	900,400	1,320,107	844,658	953,726	4,192,410
Unamortized Portion of leasehold improvements	85,416	217,857	274,712	233,132	520,790	1,331,907
Other	45,123	1,024,282	146,538	1,340,985	27,627	2,584,555
Total Fixed Assets	4,023,068	14,507,164	20,328,989	13,094,503	12,166,848	64,120,572
Depreciation	1,471,982	7,790,090	10,219,721	6,607,238	6,686,298	32,775,329
Net Fixed Assets	2,551,086	6,717,074	10,109,268	6,487,265	5,480,550	31,345,243
1965						
Land	191,507	1,439,432	1,201,827	508,174	1,402,616	4,743,556
Buildings	924,342	2,542,048	2,141,015	2,872,456	1,511,136	9,990,997
Technical & Studio Equipment	3,293,940	10,229,732	8,051,296	7,338,709	6,592,340	35,506,017
Motorized Vehicles & Equipment	90,118	410,300	440,697	221,143	206,663	1,368,921
Furniture & Fixtures	253,150	1,033,203	945,215	757,355	783,160	3,772,083
Unamortized Portion of leasehold improvements	88,199	273,986	144,411	168,190	311,638	986,424
Other	91,839	1,276,373	334,298	493,217	18,109	2,213,836
Total Fixed Assets	4,933,095	17,205,074	13,258,759	12,335,244	10,825,662	58,581,834
Depreciation	2,094,959	7,862,584	7,352,666	6,501,470	5,747,157	29,558,836
Net Fixed Assets	2,838,136	9,342,490	5,906,093	5,857,774	5,078,505	29,022,998

1964						
Land	338,965	946,736	735,147	346,836	1,348,392	3,716,076
Buildings	873,318	2,778,189	2,366,025	1,966,812	1,305,294	9,289,638
Technical & Studio Equipment	3,374,624	9,711,276	8,038,910	5,938,765	5,781,473	32,845,048
Motorized Vehicles & Equipment) Furniture & Fixtures)	252,277	989,800	928,120	691,835	642,806	3,504,838
Unamortized Portion of leasehold improvements	106,169	204,335	202,797	157,829	385,520	1,056,650
Other	814,609	464,525	716,791	680,955	303,568	2,980,448
Total Fixed Assets	5,759,962	15,094,861	12,987,790	9,783,032	9,767,053	53,392,698
Depreciation	1,986,150	7,824,243	6,619,791	5,324,730	4,933,437	26,688,351
Net Fixed Assets	3,773,812	7,270,618	6,367,999	4,458,302	4,833,616	26,704,347

SOURCE: Special Tabulation prepared by the D.B.S. for the C.R.T.C. July, 1970.

Table 123. Property Account of Privately-owned Television Stations by Revenue Group, 1964 - 1968

Year	Under $250,000	$250,000 - $499,999	$500,000 - $999,999	$1,000,000 - $1,499,999	$1,500,000 and over	Total
			Dollars			
1968						
Land	40,471	115,782	187,429	141,709	1,122,728	1,608,119
Buildings	458,866	2,002,741	1,375,562	1,783,563	12,896,148	18,516,880
Technical & Studio Equipment	2,899,626	7,453,227	9,337,380	9,272,696	40,979,616	69,942,545
Motorized Vehicles & Equipment	43,786	96,096	121,852	1,480,365	766,855	2,508,954
Furniture & Fixtures	72,998	279,508	263,764	545,536	2,167,621	3,329,427
Unamortized Portion of leasehold improvements	1,749	(50,526)	74,394	124,971	258,140	408,728
Other	20,639	230,845	119,371	558,382	363,819	1,293,056
Total Fixed Assets	3,538,135	10,127,673	11,479,752	13,907,222	58,554,927	97,607,709
Depreciation	1,756,339	5,448,109	6,664,602	9,084,986	27,850,633	50,804,669
Net Fixed Assets	1,781,796	4,679,564	4,815,150	4,822,236	30,704,294	46,803,040
1967						
Land	10,284	109,856	184,137	169,396	1,187,386	1,661,059
Buildings	227,865	2,087,748	1,432,180	2,019,245	13,096,083	18,863,121
Technical & Studio Equipment	1,608,946	8,536,047	8,790,579	9,114,063	38,118,229	66,167,864
Motorized Vehicles & Equipment	14,685	140,608	123,185	121,163	1,796,109	2,195,750
Furniture & Fixtures	14,948	317,467	339,620	481,762	2,059,266	3,213,063
Unamortized Portion of leasehold improvements	–	–	59,879	23,963	212,763	296,605
Other	17,452	228,845	77,073	550,308	414,332	1,288,010
Total Fixed Assets	1,894,180	11,420,571	11,006,653	12,479,900	56,884,168	93,685,472
Depreciation	986,142	5,353,615	6,613,959	7,843,359	23,595,864	44,392,939
Net Fixed Assets	908,038	6,066,956	4,392,694	4,636,541	33,288,304	49,292,533
1966						
Land	21,663	104,877	148,581	249,361	1,036,806	1,561,288
Buildings	253,872	1,505,362	1,911,289	3,196,425	10,790,882	17,657,830
Technical & Studio Equipment	1,686,994	5,936,455	10,761,027	9,852,522	29,618,210	57,855,208

Furniture & Fixtures	19,707	242,937	434,808	1,452,790	1,695,167	3,845,409
Unamortized Portion of leasehold improvements	–	289	91,509	27,195	154,397	273,390
Other	6,123	213,138	173,726	535,340	345,136	1,273,463
Total Fixed Assets	2,012,134	8,116,222	13,670,925	15,545,281	44,128,063	83,472,625
Depreciation	899,749	3,539,044	7,019,366	8,359,937	17,872,996	37,691,092
Net Fixed Assets	1,112,385	4,577,178	6,651,559	7,185,344	26,255,067	45,781,533
1965						
Land	40,375	103,752	159,186	144,142	1,058,918	1,506,373
Buildings	561,958	1,656,676	1,930,676	1,872,990	10,775,240	16,797,540
Technical & Studio Equipment	2,745,411	6,518,927	8,703,957	5,356,377	22,667,372	45,992,044
Motorized Vehicles & Equipment	82,003	79,415	146,672	57,495	591,021	956,606
Furniture & Fixtures	91,668	208,668	450,392	1,176,030	1,349,433	3,276,191
Unamortized Portion of leasehold improvements	–	47,029	63,883	–	141,537	252,449
Other	10,872	315,211	120,869	459,839	372,576	1,279,367
Total Fixed Assets	3,532,287	8,929,678	11,575,635	9,066,873	36,956,097	70,060,570
Depreciation	1,355,639	4,314,156	7,048,892	4,856,993	15,620,997	33,196,677
Net Fixed Assets	2,176,648	4,615,522	4,526,743	4,209,880	21,335,100	36,863,893
1964						
Land	47,203	112,941	134,721	106,572	1,081,226	1,482,663
Buildings	827,483	1,466,180	2,169,583	1,416,192	9,595,059	15,474,497
Technical & Studio Equipment	3,700,766	6,424,147	9,200,026	4,610,618	18,905,345	42,840,902
Motorized Vehicles & Equipment Furniture & Fixtures	106,972	246,976	432,579	258,989	1,100,937	2,146,453
Unamortized Portion of leasehold improvements	–	60,175	36,274	23,177	243,434	363,060
Other	382,777	410,299	318,886	90,446	891,291	2,093,699
Total Fixed Assets	5,065,201	8,720,718	12,292,069	6,505,994	31,817,292	64,401,274
Depreciation	1,898,701	3,758,735	7,170,867	3,311,823	11,726,796	27,866,922
Net Fixed Assets	3,166,500	4,961,983	5,121,202	3,194,171	20,090,496	36,534,352

SOURCE: Special Tabulation prepared by D.B.S. for the C.R.T.C. July, 1970.

Table 124. Rates of Profit in Private Broadcasting, Canada 1964 - 68

Type of Broadcaster by Revenue Group	1964	1965	1966	1967	1968
Before Tax Return on Equity					
*Radio**					
Less than $100,000	-11.0	- 9.2	-17.3	-8.0	-32.3
$100,000 to 249,999	10.3	12.4	15.6	8.3	6.9
$250,000 to 499,999	13.8	28.0	11.8	11.8	12.8
$500,000 to 999,999	60.5	22.6	27.8	31.5	28.4
$1,000,000 and over	33.2	37.0	37.9	39.6	43.1
All Stations	22.1	21.1	22.8	23.9	25.8
Television†					
Less than $250,000	-27.3	-31.2	- 0.9	+ 7.0	- 5.8
$250,000 to 499,999	3.4	22.3	9.4	8.3	11.7
$500,000 to 999,999	32.7	16.7	3.3	19.9	27.5
$1,000,000 to 1,499,999	31.4	42.0	9.5	35.4	23.3
$1,500,000 and over	98.5	91.0	56.3	40.1	60.8
All Stations	56.0	64.4	42.3	36.3	50.7
Combined Radio and Television‡	29.9	50.2		56.8	29.6
All Stations	42.1	48.1	49.1	47.4	21.1
Before Tax Return on Assets					
*Radio**					
Less than $100,000	- 0.7	- 1.5	- 2.7	- 1.2	- 7.0
$100,000 to 249,999	8.2	7.7	9.9	6.1	5.4
$250,000 to 499,999	7.9	4.6	6.8	6.9	8.1
$500,000 to 999,999	14.9	9.3	10.5	18.5	14.3
$1,000,000 and over	21.8	27.5	26.0	25.0	25.6
All Stations	12.0	11.6	12.6	14.2	14.3
Television†					
Less than $250,000	- 5.9	- 8.4	- 0.6	+ 6.5	- 1.6
$250,000 to 499,999	4.6	11.2	5.6	4.8	6.5
$500,000 to 999,999	25.3	10.0	2.0	13.2	18.3
$1,000,000 to 1,499,999	16.7	39.9	5.7	30.7	21.4
$1,500,000 and over	22.6	31.2	26.0	21.1	31.9
All Stations	18.5	25.5	19.4	19.6	27.9
Combined Radio and Television‡	16.3	22.5		24.6	16.8
All Stations	22.1	27.1	26.0	20.4	12.7
*Radio** Before tax return on total operating revenue					
Less than $100,000	- 4.5	- 4.1	- 6.3	- 4.3	-12.3
$100,000 to 249,999	6.2	7.6	10.2	4.7	3.4
$250,000 to 499,999	5.5	3.5	5.9	6.4	6.8
$500,000 to 999,999	11.0	6.2	8.9	12.5	12.7
$1,000,000 and over	16.0	19.8	21.3	23.9	24.1
All Stations	9.5	9.9	11.7	12.8	13.2
Television†					
Less than $250,000	-12.9	-15.3	- 0.6	+ 3.2	- 4.7
$250,000 to 499,999	1.9	11.1	5.1	5.9	5.7
$500,000 to 999,999	19.4	8.1	2.1	12.8	15.5
$1,000,000 to 1,499,999	8.4	17.5	10.6	17.3	13.3
$1,500,000 and over	16.9	22.4	22.7	19.5	23.8
All Stations	14.1	19.1	19.5	18.3	21.4
Combined Radio and Television‡	13.4	17.0		14.4	11.2
All Stations	18.9	20.4	16.1	12.0	8.1

* Privately owned radio stations operated by companies which do not operate television stations.

† Privately owned television stations operated by companies which do not operate radio stations.

‡ Privately owned radio and television stations which are operated jointly by the same company (and which therefore have consolidated balance sheets for the radio and television operations).

SOURCE: Calculated from preceding tables.

Part of the year-to-year instability in the profit rates as presented in these tables is accounted for by the high degree of variability in profit rates between individual stations. Some stations shift categories from one year to the next, giving the impression of a greater degree of annual overall variation than actually exists.

The data in this table indicate a very strong relationship between size and profitability. In most years, the largest revenue groups have the highest rates of profit, regardless of which profit measure is used.

It should also be recognized that the largest revenue groups account for a low proportion of the stations and a high proportion of the net operating revenues for the industry as a whole. For instance, in 1968, of the total of 221 radio stations operating independently of television stations, only twenty-two stations or 8.4 per cent of the total, had gross revenues of $1,000,000 or more. Nevertheless, these twenty-two stations accounted for slightly over 68 per cent of the total net operating revenue for all such stations.

Similarly, in 1968, out of a total of 29 television stations operating independently of radio stations, 8 stations, or 27.6 per cent of the total, had gross revenues of $1,500,000 or more. These 8 stations accounted for 92 per cent of the total net operating revenue for all such stations.

Two reasons may be advanced for the greater profitability of larger stations. First, such stations are generally located in larger urban centres, where there is a much greater absolute demand for advertising than in smaller centres. Second, the larger audiences in the larger urban centres permit stations to maintain high advertising rates while still offering advertisers a relatively low rate when rates are converted to a per viewer or listener basis. As a consequence, advertising rates which would be so high as to discourage advertising on small stations have no corresponding effect on large stations. Costs may not increase as rapidly as it is possible to increase rates with progressively larger size operations, with the result that profits are generally higher for larger size operations.

The data indicate that broadcasting operations are generally more profitable than manufacturing companies taken as a group. The before tax rates of return on equity for manufacturing industries in 1965 and 1966 were 18.9 per cent and 16.9 per cent respectively, and the before tax rates of return on assets were 10.9 per cent and 10.0 per cent.[1]

The trend in profitability for combined radio and television broadcasters has been generally downward since 1966. The decline is particularly noticeable in 1968. However, companies submitting returns to D.B.S. for 1968 were required to adjust

[1] D.B.S., Corporation Financial Returns.

their fiscal year, for reporting purposes, to end on August 31. These figures were adjusted by D.B.S. to account for a twelve month period. As may be seen in Appendix E, the 1968 data are not in line with 1967 and 1969 information. While this may be due to inaccuracy caused by adjustment, there were other factors in 1968 which may have affected cash flow:

(a) a decline in the rate of growth of total advertising expenditures in broadcasting in 1968,

(b) stations forming part of combined radio-television operations are generally located in smaller urban centres where the downward trend in advertising revenues in 1968 was most apparent.

It is interesting to note that the revenue of radio stations in Canada increased by 21.7 per cent from 1967 to 1969 while expenses increased by 21.1 per cent. In 1969 profit ($14.7 million) as a per cent of revenue ($108.1 million) was 13.6 per cent as compared to 13.1 per cent in 1967. In the same period, television revenue rose by 12.0 per cent while expenses grew only 6.7 per cent. In 1969 profit ($21.9 million) as a percent of revenue ($106.6 million) was 20.6 per cent as compared to 16.7 per cent in 1967.

THE COST-PRICE SQUEEZE

No financial analysis is complete without a detailed examination of the trends of all costs in relation to the trend in revenues.

"Cost-price squeeze" occurs when input prices rise at a faster rate than the owners of capital are able to increase the price of their product. Turning this idea around we get the so-called "profit-squeeze" in which the rate of profit declines as the rate of increase in costs exceeds the rate of increase in the price of the final product. There is an inherent weakness in any attempt to measure this "squeeze" because the quality of inputs and the input mix itself, does change over time; in a sense we are not measuring exactly the same input at every point in time.

TELEVISION BROADCASTING INDUSTRY

In Chart 26 we have outlined the growth pattern of all costs in the industry; labour, capital, and purchased inputs.

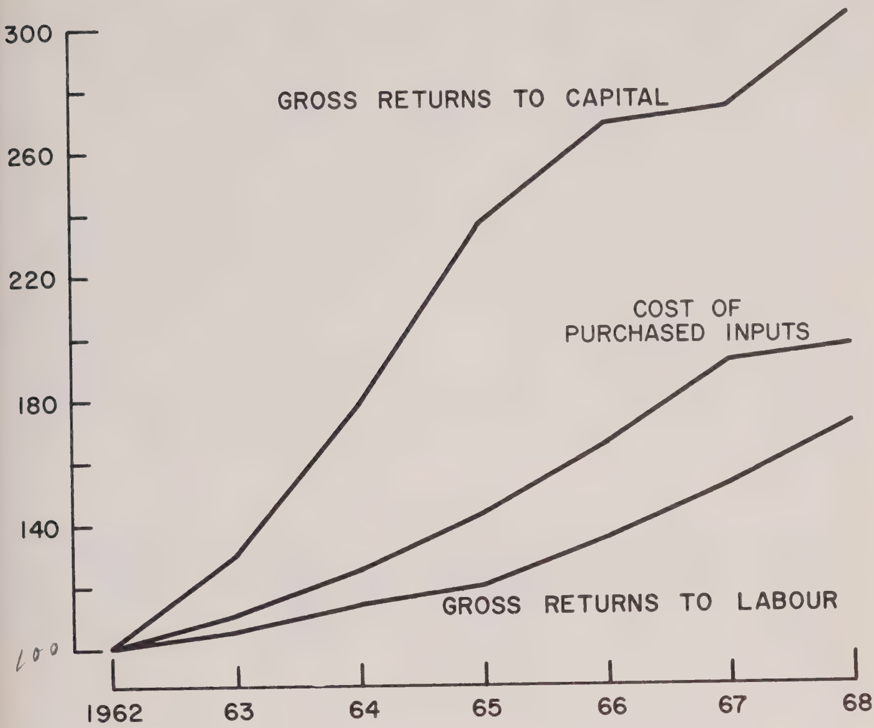
The return to capital increased significantly between 1962-68, by approximately 303 per cent. Increases in wages and salaries and the cost of purchased inputs during the same period were 63 per cent and 97 per cent respectively. (See Chart 27.)

From 1963 to 1966, the rate of growth of gross returns to capital exceeded the rates of changes in the cost of purchased inputs and in the cost of labour (gross returns to labour).

This is illustrated in the chart by the widening of the gaps between the "gross returns to capital" curve and all other curves, over time. In this same period the rate of growth in depreciation allowances was less than the rate of growth of gross returns to capital; thus, we can conclude that during the period 1963-66 the television industry did not experience a "profit-squeeze," but rather, a growth in the rate of profits.

Chart 26

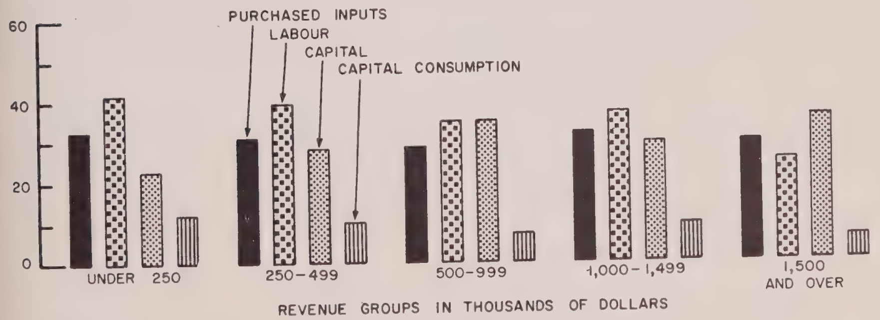
PRIVATE TELEVISION BROADCASTING INDUSTRY – GROWTH OF RETURNS TO FACTORS OF PRODUCTION, 1962-1968.



SOURCE: D.B.S., 56-204.

Chart 27

PRIVATE TELEVISION BROADCASTING INDUSTRY – DISTRIBUTION OF PRODUCTION COSTS AS A PERCENTAGE OF TOTAL REVENUE, BY REVENUE GROUPS, 1968.



SOURCE: D.B.S., 56-204.

The year 1967 was a year of profit-squeeze as the cost of purchased inputs, of wages and salaries, and of capital all grew at faster rates than did the return to capital. If any inflation in the advertising rates structure occurred during 1967, the inflation could justifiably be of the "cost-push" variety.

In 1968, the return to capital grew at a significantly high rate while the growth of all other costs levelled off.

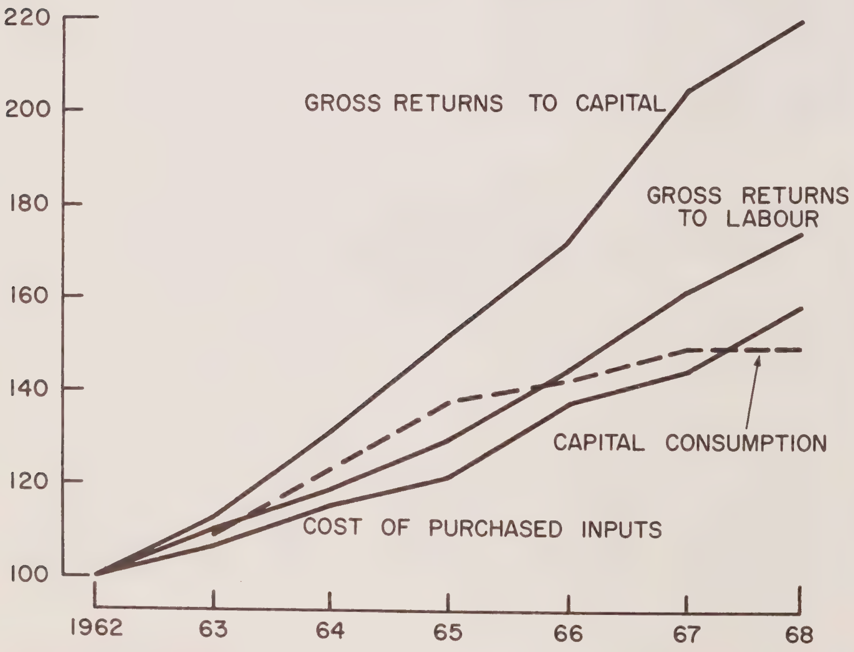
RADIO BROADCASTING INDUSTRY

The radio broadcasting industry, during 1962-1968 did not experience a "profit-squeeze." The growth of gross returns to capital consistently grew faster than the gross returns to labour and the cost of purchased input; this is illustrated in Chart 28.

In Chart 28 we observe that the gross returns to capital and growth of capitalization essentially grew at the same rates between 1964 and 1966. Since the cost of capital consumption, of labour and of purchased inputs did not grow at any faster rate during 1968, the slight decline in the growth of capital returns is attributed to a fall in revenues, i.e., a slight decrease in the demand for radio advertising.

Chart 28

PRIVATE RADIO BROADCASTING INDUSTRY – GROWTH OF COST OF PURCHASED INPUTS AND GROSS RETURN TO FACTORS OF PRODUCTION, 1962-1968.



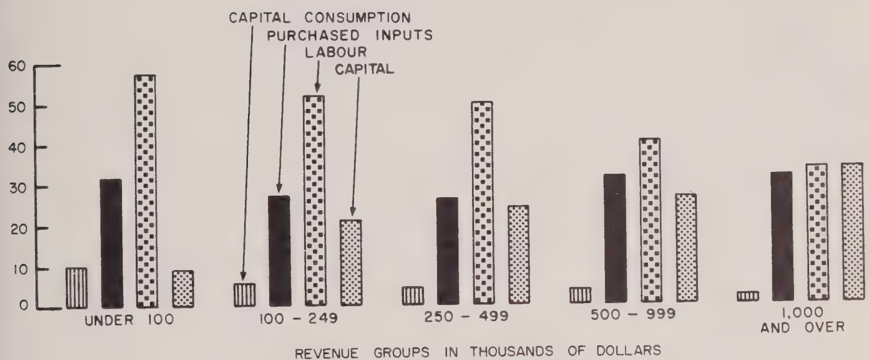
SOURCE: D.B.S. 56-204.

Chart 29 illustrates the distribution of production costs by size of station.

The cost of labour and the cost of capital decrease in proportion to the size of the station, indicating that there is no possible "cost-squeeze" from these two factors of production as the stations grow in size. The cost of purchased inputs does increase in proportion in the latter two categories. In our discussion of production costs we explained the change in the nature of purchased inputs in these size groups in comparison to the other groups. If there were any cost-squeeze as the station grows in size, the change in the mix of purchased inputs would be the cause.

Chart 29

PRIVATE RADIO BROADCASTING INDUSTRY – DISTRIBUTION OF PRODUCTION COSTS AS A PERCENTAGE OF TOTAL REVENUE, BY REVENUE GROUPS, 1968.



SOURCE: D.B.S., 56-204.

COST ECONOMIES AND THE PROBLEM OF MARKET INSTABILITY

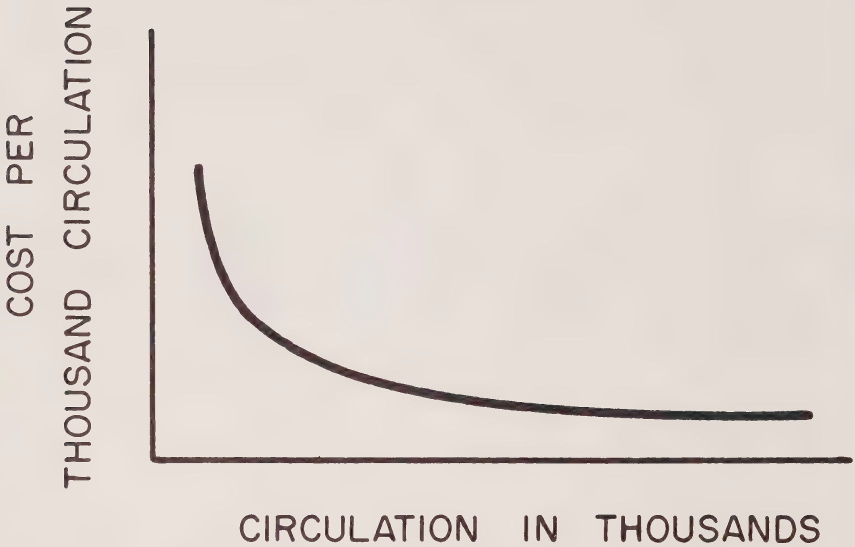
As we noted in connection with newspapers economies of large-scale production occur in broadcasting, when a station can increase its circulation without any increase in cost-per-unit-of-output (circulation). The cost function would theoretically be a downward sloping curve as indicated in Chart 30.

The argument for a "natural monopoly" is based on this declining cost curve. That is, whenever costs decline with output, one firm tends to dominate the industry because it can sell its product at the lowest price-per-unit and still cover all production costs.

We hypothesize that the broadcasting industry exhibits a decreasing cost function and thus has the attributes of a natural monopoly. Natural monopoly industries are characterized by unstable shares of the market. The instability of market shares exists as long as one or more of the firms in the industry compete for

the existing market. Competition for a greater share of the existing market is explained by the fact that as each firm increases its output, the costs-per-unit fall. As one firm is increasing its share of the market, its competitor's share is decreasing. Thus the larger firm's competitive position improves on two accounts: its cost-per-unit-of-output falls as it expands, and the competitor's cost-per-unit increases as its share of the market decreases. As a result, the larger firms tend to drive the smaller firms out of the market.

Chart 30
RADIO AND TELEVISION – THE COST FUNCTION.



The broadcasting industries differ somewhat from the true "natural monopoly" industry. In the main, each broadcasting station operates within a restricted market. The industry cost curve indicates that the optimal market for any station would be all of Canada. However, each station is confined to a specific market. When a station is established, its frequency, in the case of radio, or channel in the case of television, and its area of broadcasting are well established. In fact, the C.R.T.C. will not issue broadcasting licenses if it deems that the particular market will not support an additional station. All these regulating restrictions explicitly confine each broadcasting station to a specific market.

Therefore, in hypothesizing that the broadcasting industry is a "natural monopoly," we are explicitly referring to a local "natural monopoly," however one wishes to define the size of the local market.

In large metropolitan areas, the community is so diverse that, given the large revenue base, the adjustment towards a monopoly is slow or perhaps non-existent. The diversity in the listening greatly accounts for the stability of these markets. For example, with the CBC, CTV and independent CHCH (Hamilton) sharing the Toronto market, the individual has the choice of different types of programming, especially between CBC and CTV.

COST ECONOMIES, CONCENTRATION AND MONOPOLY PROFITS

In the study of daily newspapers, found in the first section of this report, significant cost economies were found to be associated with increasing circulation size. The evidence for this was largely empirical, although theoretical framework was provided which was in accordance with the data. Many of the theoretical arguments applicable to daily newspapers are also applicable to broadcasters. On the other hand, a number of important differences arise, and these must be taken into account.

In order to clarify some of the economic issues relating to broadcasting enterprises, a hypothetical situation will be presented first. In this situation, two television stations are compared, one located in a small urban centre, the other in a major metropolitan area. It is supposed that both these stations have a monopoly, both have the same size transmitters, both broadcast for the same number of hours, and both carry the same proportion of network to non-network programming. It is further supposed that both make the same dollar-expenditures on non-network programming, and both carry the same number of advertising minutes per hour.

The point of making these many assumptions is to create a hypothetical situation in which two stations are as alike as possible in all respects except audience size. As a result, it is possible to assume that both would require the same amount of gross income to meet all costs and to earn an acceptable or normal rate of profit.

However, suppose that one station had a listening audience of 500,000, and the other a listening audience of 100,000. Under the above assumptions, if both stations were to meet all costs and earn the same profit, their rates per minute for advertising would have to be exactly the same. Let us arbitrarily assume that this rate is $200 per minute.

The advertising rate per thousand viewers in the case of the larger station would be forty cents, while in the case of the smaller station it would be two dollars. As a consequence, advertisers would have to pay five times as much per potential customer on the smaller station as on the larger station.

As a corollary to this, broadcaster expenditures per viewer would also be significantly lower for the larger station than for the smaller station. This suggests

that the potential exists for achieving considerable cost economies in broadcasting through expanded audience size.

Now suppose that two stations broadcast within the same geographical area, and as a result, compete for the same viewing audience and for the same advertising dollars. If one station gains this type of advantage over another in terms of viewer preferences, and is able to do so without undertaking expenditures greatly in excess of its competitor, it will have a competitive edge in attracting advertiser dollars due to its lower advertising cost per viewer. Advertisers would be expected to prefer the lower cost medium, thus shifting revenue away from the smaller station and toward the larger station. It might be expected that, in this way, larger stations would generally have such an advantage over smaller competitors as to make it impossible for the latter to remain competitive.

A number of factors tend to retard this type of adjustment, particularly at points with a large viewing audience which is confined within a relatively small geographical area. First, regulations exist which limit the amount of time which may be used for advertising. In a large market, a single station would not be able to command all of the available advertising revenue, no matter how attractive it might be able to make its rates. A "spillover" of advertising would take place, providing a source of revenue to a competing station.

Second, it is not generally possible for a station to gain a large advantage in viewing audience without expenditures on programming and promotion substantially greater than its competitor. As a consequence, any improvement in the advertising rate per viewer which might be achieved through larger numbers of viewers could be offset by increases in the advertising rate per minute necessitated by the larger expenditures.

Third, advertisers are not attracted, in a completely indiscriminate manner, to stations with the lowest rate-per-viewer. Many advertisers are interested in a select sector of the community, and the important consideration to these advertisers is the cost of reaching these particular members of the audience. For instance, a station with a very large total audience may have a much smaller number of teenage viewers or listeners than a competitor with a much smaller total audience. As a consequence, advertisers wishing to reach the teenage market might actually find it more economical to use the broadcasters with the smaller total audience.

The limitation on the amount of advertising on a station would appear to be most important in the television sector, where, in most large centres, advertising dollars have generally been sufficient to maintain more than one station operative. In addition, with a strong demand for advertising time, and with the largest and most popular station able to provide only a limited number of minutes per day to advertisers, there is an incentive for such a station to maintain its advertising rate per viewer at a relatively high level, even though the large size reduces operating costs per viewer. The reason for this is simply that any reduction in the rate would decrease the station's revenue, since there is no room to accept extra advertising time which might be induced to come forward as a result of the rate reduction. As a direct consequence, it is possible for relatively large stations to generate profits significantly in excess of rates generally prevailing in other parts of the economy.

This explains the relatively high profit rates found to prevail among the large television stations in Canada.

Table 125 indicates prime-time rates per 60 second spot. These rates are calculated on the basis of the charge per thousand viewers for selected Canadian television stations. Rates per thousand do tend to decline as circulation size increases, although there is considerable variation depending upon the station. This indicates that a part, at least, of the economies from larger circulation are passed on to advertisers through lower rates per thousand. However, it can also be seen that, for example, CFTO (Toronto) has utilized its larger circulation size to maintain its per sixty second rate 25 per cent higher than its competitor, CHCH (Hamilton), thus creating a rate per thousand only slightly below that of CHCH. CFTO is, no doubt, able to set its rate at this level because its available time for advertising is fully utilized, and a lower rate per thousand would be of no benefit to it.

Table 125. Rate per Thousand for Selected television stations, ~~1968~~ 1969

Station	Daily Circulation* Night-time	Rate per 60 Seconds	Rate per Thousand
		Dollars	Dollars
CFTO (Toronto)	1,222,200	500	.41
CHCH (Hamilton)	819,800	425	.52
CHAN (Vancouver)	375,900	265	.70
CJAY (Winnipeg)	325,000	270	.83
CFRN (Edmonton)	385,700	280	.73
CFCN (Calgary)	314,300	225	.72
CHSJ (Saint John)	296,200	170	.57
CFQC (Saskatoon)	188,400	150	.80
CKRS (Jonquière)	151,800	85	.56
CJCB (Sydney)	160,600	150	.93
CKVR (Barrie)	219,200	140	.64
CKOS (Yorkton)	185,300	125	.68
CHEK (Victoria)	101,000	120	1.19
CKNX (Wingham)	109,400	90	.82
CKWS (Kingston)	139,600	95	.68
CHAU (Carleton)	122,500	60	.49
CKBL (Matane)	104,700	70	.67
CFCY (Charlottetown)	96,400	60	.62
CKRT (Riv. du Loup)	82,700	50	.60
CHEX (Peterborough)	119,800	95	.79
CKRD (Red Deer)	56,800	85	1.50
CFCH (North Bay)	60,400	70	1.16

*Total number of viewers above two years of age.
SOURCE: Canadian Advertising Rates and Data, December 1969. BBM Circulation Report, Oct. 27 to Nov. 9, 1969.

Radio broadcasting in Canada is characterized by a large number of stations offering a diverse content and by a large number of competitive situations. This can be attributed to the success which radio broadcasters have had in devising programming that appeals to a select portion of the total audience technically in reach of any given station. As a consequence, many small stations are successfully

competing against larger stations with lower rates per thousand simply by being able to guarantee delivery of advertising messages to the select clientele served by the smaller stations.

CONCLUSIONS

Profitability of broadcasting in Canada is, as a general rule, a direct function of size: the larger the station, the higher the rates of profitability, whichever profit measure is used.

In 1968, for example, of the total of 221 radio stations operating independently of television stations, only twenty-two radio stations, or 8.4 per cent of the total, had gross revenues of $1,000,000 or more. But these twenty-two stations accounted for just over 68 per cent of the total net operating revenue for all such stations.

The size-profitability relationship is even more striking in television. In 1968, out of a total of twenty-nine television stations operating independently of radio stations, eight stations, or 27.6 per cent of the total, had gross revenues of $1.5 million or more. These eight stations accounted for 92 per cent total net operating revenue of the twenty-nine stations in the group.

Profitability in both radio and television broadcasting showed wide fluctuation in the years studied. This is accounted for primarily by the high degree of variability in profit rates among individual stations.

Levels of profitability vary significantly depending on the nature of the broadcast organization. For example, general profit trends for combined radio and television operations were downward in the period 1964-1968. For television operations alone, there is no consistent trend and profitability varies widely among individual stations. For radio stations operating independently of television stations, profitability showed a relatively stable upward trend over the period.

The evident trend toward local monopolies found in the daily newspaper industry is not so apparent in broadcasting. This is due primarily to the fact that time available for advertising in television and radio is limited by regulation, and to the fact that relatively small radio and television stations can compete with large operations in the major metropolitan areas by developing programming that appeals to selective audiences, thus enabling the smaller stations to attract advertising that might otherwise go to the larger broadcast outlets with lower viewer rates per thousand.

Section Four : CABLE TELEVISION

Chapter 1:

THE CABLE REVOLUTION

INTRODUCTION

Canadian cable television had its beginning in London, Ontario in 1952. For a number of years it grew only slowly and fitfully. But it is now showing distinct signs of growing into a lusty giant that is likely to revolutionize the broadcasting industry and many other facets of our life.

It was not until 1967 that the Dominion Bureau of Statistics considered cable television of sufficient importance to measure its dimensions. It reported 314 systems operating in Canada that year with 408,853 individual subscribers and 107,631 other outlets, such as apartment buildings making a total of 516,484.

In a speech to the Canadian Cable Television Association in Quebec City on May 14, 1969, Pierre Juneau, the Chairman of the C.R.T.C., calculated the industry was growing at the rate of 25 per cent a year. Today, there are over 400 systems operating in Canada. The best available estimate is that some 900,000 household units have cable television; this represents about 17 per cent of all homes with television in Canada. There are, in fact, indications that the number of Canadians viewing television by cable is increasing more swiftly than the 25 per cent annual rate foreseen by the C.R.T.C. chairman. A CBC study of the March, 1969, audience analysis by the Bureau of Broadcast Measurement concluded that an estimated 3.1 million people watched some television via cable in an average week during that month. This amounted to around 15.3 per cent of the total Canadian population two years of age and over, and about 15.9 per cent of those who watched television during the week. "This 3.1 million represents about a 59 per cent increase over the number of people using cable TV in an average week 16 months earlier, in November, 1967. That is, over these sixteen months, the extent of usage of cable TV facilities has grown at an average rate of between 3½ per cent and 4 per cent per month nationally."[1] On that basis, it appears that cable has been growing over the past several months at an annual rate of as much as 48 per cent.

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[1] The results of this study by the CBC research department, kindly made available by the corporation, are reproduced in full at the end of this section because they provide the most comprehensive and detailed picture of the extent of cable television development in Canada ever portrayed publicly.

In relative terms, the growth of cable television in Canada has out-paced that in the United States. The *Television Factbook* estimates that at the beginning of 1969 there were 3.6 million subscribers to cable systems in the United States, which represents only 6.29 per cent of the number of homes with television. The largest Canadian cable television system, that in Vancouver, has some 85,000 subscribers and is more than twice the size of the biggest system south of the border.

At the outset, cable systems were established to provide reception of television signals in areas where little or no off-the-air reception was available by ordinary household antennas. The greatest impetus for the swift spread of cable systems today has come from a desire to obtain better-quality reception, particularly in the case of colour, for signals that may be distorted by off-the-air pickup because of distance or of interference caused by high-rise buildings, or both.

To many in television broadcasting, this swiftly spreading web of coaxial cable through the country has become a matter of mounting concern. In its first annual report, the C.R.T.C. described it as the single most complex area of its concern. In the growing years of its own new technology, television broadcasting caused grave concern throughout the newspaper and radio industries because of its hold on audience attention and its concomitant ability to attract advertising dollars. Now, ironically, television owners find themselves confronted by a still newer technology, making use of their own programming product, that threatens to splinter the mass audiences from which their revenues are derived.

There are, undoubtedly, many reasons for the much swifter growth of cable television in Canada than in the United States. Probably the most important is the limited or non-existent choice of programmes from Canadian television stations and the desire on the part of many Canadian viewers to obtain good quality reception of popular American television stations. By contrast, viewers in most larger American centres have a multiple choice of programmes that can be received clearly without cable.

The approach of government authorities to cable television has also differed markedly in the two countries, which in turn has had a bearing on the rate of growth on both sides of the border. In Canada, cable television has been allowed to develop almost willy-nilly. Until the new Broadcasting Act came into effect and transferred the authority to the Canadian Radio-Television Commission, cable systems were licensed by the Department of Transport, usually on the advice of the B.B.G. While the B.B.G. occasionally recommended the rejection of certain applications for fear of the impact they would have on existing television stations or in the development of new ones, neither D.O.T. nor B.B.G. appeared to have had much awareness of the economics of cable systems as such, nor much knowledge based on fact of the impact of cable on existing television stations.

In the United States, the Federal Communications Commission generally has been far more apprehensive about the impact of cable television and far more restrictive in the policies established. For example, the F.C.C. has not only required cable systems to carry the signals of local stations on request, but also on request to avoid duplicating programmes to be carried the same day by a local broadcaster. Cable systems are prohibited from bringing distant stations into the primary broadcast area (within the grade A contour) of a local television station in any of

the 100 largest markets in the United States. The only exception is if a cable system can demonstrate that such a course "will be consistent with the public interest and, particularly, with the establishment and healthy maintenance of television – especially UHF – broadcast service in the area."[2]

In December, 1968, the F.C.C. proposed a new rule under which cable systems located in the top 100 markets would be permitted to import distant signals only with the permission of the originating station. The commission also raised for consideration a proposal that cable systems be required to originate programming and asked for views on the regulation that should apply to commercials, political broadcasts, and fairness.

As Mr. Juneau told the Canadian Cable Television Association in his address, cable systems were regulated in the past by the Department of Transport "largely on the basis of technical aspects." Under the Broadcast Act, he pointed out, "CATV becomes a part of the Canadian broadcasting system and decisions, policies and regulations which concern it must take into account the effects they may have on other aspects of the system."

As the chairman noted, the commission has had little in the way of precedent established in other countries to go by, since Canada is a pioneer in the development of cable systems. While the commission has been rapidly assembling much background information on the nature of cable and its impact on the country generally, and broadcasting in particular, its approach must inevitably be inhibited by the tremendous growth that has already taken place.

At its hearing in Vancouver in October, 1969, the C.R.T.C. considered the general policy it had inherited from the Department of Transport of prohibiting more than one microwave relay hop from the head-end receiver to connect with the cable system itself, an issue that will be discussed at greater length later. During the course of this hearing, the commissioners indicated some considerable concern about the economic impact of cable systems on television broadcasters and about its effect in bringing a still greater infusion of American programmes into the country.

A question that arises at the outset is whether the commission's concern is rather belated. In its report of 1965, the Fowler Committee estimated that some 54 per cent of Canadian television homes could receive broadcasts directly from American television stations. In his testimony before the October, 1969, hearing of the C.R.T.C., Hon. Raymond Reierson, Alberta's Minister of Telephones, contended that some 80 per cent of the Canadian people were within reach of American television signals. A more conservative and more widely accepted estimate is approximately 68 per cent.

Some authorities within the broadcasting industry estimate that approximately 60 per cent of the Canadian population may receive American television broadcasts off-the-air and perhaps as many as an additional 5 per cent by cable, making a total of only 65 per cent. Much of the present development of cable television is taking place in areas where there is already substantial access to American stations through

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[2] Testimony of Rosel H. Hyde, then Chairman of the F.C.C., to Sub-Committee on Communications of the Senate Committee on Commerce, March 4, 1969, page 47.

off-the-air reception, Toronto being a prime example. By making available additional American channels or offering improved reception of those already received off-the-air, cable television may well increase the amount of Canadian viewing of American stations.

This increase in the proportion of Canadian audiences with direct access to American television is the result of a number of factors, including the increased concentration of audiences in cities close to the border, improved off-the-air reception, and cable television. Even if the further spread of cable television is limited by continuing restrictions on the use of microwave to relay signals of distant American stations, the extent of viewing of American stations is certain to increase as more and more Canadians become subscribers of the hundreds of cable systems already licensed by the C.R.T.C. (It might be noted that these new or renewed licences have been issued during a period when the commission has still been searching for an understanding of the economics of cable systems and of their economic impact – actual or potential – on television stations.)

The Dominion Bureau of Statistics has estimated that 3.6 million potential subscribers reside in areas already licensed for cable television operation in 1967; this represents 75 per cent of the actual number of television homes in Canada that year.

AUTHORITY OF THE C.R.T.C. OVER CABLE TELEVISION

For a number of years, the federal government has assumed some authority to regulate community antenna television systems. Until 1968, this regulation was undertaken by the Department of Transport. As Mr. Juneau has suggested, the Department was primarily concerned with technical matters, but its decisions also at times took into account such issues as the economic impact of a cable system on television broadcasting. The limitation on the use of microwave relays clearly reflected a government policy aimed primarily at restricting the influx of American television broadcasting via cable television in areas not located close to American stations.

The Broadcasting Act, which handed over regulatory authority to the C.R.T.C., defined cable systems as broadcasting undertakings and makes it clear that they should be controlled as an integral part of the whole broadcast system in Canada.

On the strength of that authority, the C.R.T.C. has assumed a right to regulate two distinct and separate aspects of cable operation. In an announcement on May 13, 1969, the Commission laid down a number of rules governing the role of cable systems as a relayer of broadcasts by television stations. This included the priority to be given to the stations that were to be carried, the availability of community antenna service throughout the franchise area and a prohibition against the formation of cable television networks.

In addition to picking up the signals of television stations from the airwaves and relaying them to television receivers by coaxial cable, cable systems also have a capacity to originate their own programming, which is transmitted solely by cable. In its May announcement, the C.R.T.C. presumed a right to regulate this function as well. The Commission not only indicated the type of programming that it favoured, and, in fact, encouraged, but further declared that it would not permit

cable systems to carry commercials during such programming except under special circumstances or for experimental purposes.

The Commission also laid down a condition that the rate structure stipulated in the licence could be changed only with approval of the regulatory authority. This provision affects both functions of a cable system, more particularly since the Commission's prohibition of commercials during programming originated by a cable company largely restricts its revenue to the monthly rental charges.

Past declarations by senior federal officials appear to raise a possibility that the Commission's attempt to exercise jurisdiction over the programming operation of a cable system may be subject to challenge in the courts. The issue was discussed at some length on November 21, 1967, before the Standing Committee of the House of Commons on Broadcasting, Films, and Assistance to the Arts by J.R. Baldwin, then Deputy Minister of Transport, F.C. Nixon, Director of the Department's Telecommunication and Electronics Branch and Fred Gibson, Senior Advisory Counsel of the Department of Justice. All of the officials acknowledged that the federal government lacked authority, at least under any existing or proposed legislation to regulate closed circuit television programming undertaken entirely by wire and making no use of any over-the-air broadcast facility at any point. Mr. Nixon, in fact, went so far as to suggest that neither the Radio Act nor the Broadcasting Act would give the federal government authority to regulate the transmission entirely by wire of an American television station's signal to Canadian outlets. "If it is a cable operation throughout, I do not believe it would be subject to any legislation now or any that is proposed at this time," Mr. Nixon conceded.

The specific question of the federal government's right to regulate the programming originated by cable companies was raised during this hearing, but elicited no clear answer:

> The undertaking as a whole would be subject to licence. I presume that the Canadian Radio Commission, in licensing it, would attach certain conditions to its licence. It is not inconceivable that those conditions could affect the terms on which it entered into direct cable transmissions to supplement its broadcasting receiving function.

Subsequently, however, a member of the committee suggested that it might be strongly argued that the regulatory authority lacked any jurisdiction over the direct programming of cable systems. Mr. Gibson's reply did nothing to diminish this possibility:

> Yes, Sir, it could be argued; but I believe it would have to be argued on the specific terminology of any condition that the C.R.C. proposed to improve on a CATV system. The C.R.C.'s jurisdiction is limited of course by the terms of the Bill – referring to clause 17 (1) (a) (i) on page 8 of the new Bill – and to the extent that any condition is appropriate for the implementation of the broadcasting policy enunciated in section 2, it would be my view that it was within the powers of the Commission to provide such a condition. On the other hand, if a condition was clearly aimed not at implementing broadcasting policy but at some other element of the undertaking's activity which is unrelated to its broadcasting receiving activity, then in my view there would be a good chance that that condition would be invalid.

The government's White Paper on Broadcasting itself noted (on page 14) that

> study is being given to special problems of jurisdiction involved in the regulation of closed-circuit television operations and the reception of transmissions from antennae in the United States fed through a coaxial cable or microwave system to Canadian communities for local distribution over cable networks.

While these problems of jursidiction remain, the C.R.T.C. has, in effect, assumed the right to regulate the closed-circuit operations of a cable system by virtue of its unchallenged power to regulate their quite separate function as a community antenna system.

Should the former exercise of power by the Commission ever be successfully challenged in the courts, it could conceivably mean the loss of regulatory control not only over programming but also over commercials that might be carried on a closed-circuit basis. By the same token, the prohibition of the C.R.T.C. against cable systems forming networks might also be wiped out, at least so far as closed-circuit programming carried over a group of cable systems.

Chapter 2:

THE ECONOMICS OF CABLE TELEVISION

INTRODUCTION

In a public announcement on July 10, 1969, touching on some of the considerations it took into account in licensing community antenna television systems, the C.R.T.C. observed that following the public hearings, begun in September the previous year, the importance of cable television became more apparent: "Many persons or companies with the resources to provide a service became actively interested." This massive upsurge in interest in cable television is related in a direct way, as the Commission seemed to imply, to the disclosure that came out of hearing of the very large profit potential offered by the cable-television business. While the outlook for future profits from cable television may, in fact, be considerably less bright today because of the thrust of C.R.T.C. policy, the scramble to enter the field has not diminished. On the Commission's schedule for hearings in Ottawa beginning November 25, 1969, there were ten different applications for cable television licences in Sudbury and district alone.

This section of our report seeks only to indicate in a general way some of the economic dimensions of the cable television industry. There are, of course, wide variations between systems, depending on a number of factors affecting costs and revenues; the size and density of the market; the extent to which a multiple choice of programming is available off-the-air in any given area; the nature of the terrain and the proximity of stations whose signal is to be relayed over the cable system and the related cost of the head-end antenna; the distance the signal must be carried from the head-end antenna to the market area; the cost of installing or leasing the main trunk cable, distribution cables to serve each area and the cables running to the television sets in each household, together with all the associated electronic equipment. The amount of time any system has been in operation and the extent to which it has been able to take advantage of its market potential are equally vital elements in the whole economic picture.

The 1967 examination of the cable industry by D.B.S. only partially revealed its earnings potential. The Bureau estimated that there were 406 licensed systems in that year, of which 314 were in operation. Operating revenues amounted to \$22,114,690, and operating expenditures came to \$20,463,027 – leaving a net operating profit of \$1,651,663. After including other revenues and expenses, the

net income before tax amounted to $1,605,061. An apparently exceptionally high income tax payment, not explained by D.B.S., of $1,131,380 reduced net income to $473,681.

On the face of it, this net return appears far from high. It represents only 2.14 per cent of operating revenue, 1.38 per cent of fixed assets and 0.87 per cent of total assets. That return amounts to 3.81 per cent of invested equity in the form of common and preferred stocks.

Despite this apparently low return, the industry added $1,292,669 to its surplus, offset by a deduction of $33,545 during the period, representing funds acquired from such items as profit on the sales of capital assets, adjustments for prior years' income tax, depreciation, connection costs, the writing off of goodwill, incorporation expenses, etc. On balance, the industry succeeded in adding $977,417 to its surplus during the year, despite the fact that dividend payments exceeded after-tax income by $311,707.

Of the 314 systems in operation during 1967, 231 were relatively small, with operating revenue of less than $100,000 and a total loss of more than $350,000. Cable systems with operating revenues of more than $100,000 made some profit as a group. A total of 19 systems with operating revenues exceeding $400,000, which implies a system of at least some 6,000 subscribers, had an average operating profit of $81,283, which represented an average profit on operating revenues of 15.7 per cent.

If the D.B.S. report did not paint an overly bright earnings picture for 1967, it pointed to the possibility of substantially greater returns in the future. The bureau calculated that the number of individual subscribers and the number of outlets under commercial and bulk contracts came to around 515,000 that year. But it estimated that the number of potential subscribers in areas already wired with cable amounted to 1.2 million while there was a total of 3.6 million potential subscribers in the franchise area the companies were licensed to serve.

A brief preliminary report by D.B.S. on the financial results of the industry for 1968 – issued November 10, 1969 – appeared to confirm the high profit potential hinted at in the survey of the previous year. The bureau estimated total operating revenue in the industry rose by 41.5 per cent in 1968 to a total of $31.3 million, an increase of $9.2 million.

Operating expenses rose by only $5.9 million to a total of $24.4 million. The result was that operating profits climbed to $4.9 million, an increase of $3.2 million over 1967.

In 1967, the Advertising Research Foundation estimated as a result of a study reported in the 1968 annual issue of *Broadcasting Magazine* that "virtually all CATV systems earn a high rate of return on invested capital." As of 1966, only four out of a total of 1,600 systems were known to have failed, the study added.

A similar picture was painted in the Canadian Telephone and Cable Television Journal by David R. Graham and James D. Meekison, two Canadians who have been actively involved in the financing of major Canadian cable television systems following extensive experience in the United States. "The average system has a 'pay-back' period of six to eight years" they wrote. "That is, after this time period, the system has generated sufficient cash after paying all expenditures to pay back

to the original investors all of their advances and equity investment."[3] The authors appeared to confirm the impression of the C.R.T.C. announcement in July 1969, that until recently there was relatively little appreciation among Canadian financial interests of the profit potential offered by cable television.

> Currently, a significant number of Canada's cable TV systems are controlled and financed directly or indirectly by foreign corporations. Such financing has played a useful and important role in the development of cable TV in Canada. It was only a very few years ago that the financing of a system by an independent operator was a monumental task. With a number of exceptions, the industry's pioneers soon became frustrated in their attempts to raise capital in Canada – even the large Canadian broadcasting groups had shown little interest in cable TV at that time. The best alternative source of money was from the large American corporations who were willing to invest in Canada in an industry that was growing at an enormous rate in the United States.

Because many of the assets of a cable system are leased, operators lacked sufficiently large collateral to put up as security against necessary loans. Underwriters were equally reluctant to raise capital through the market because of their lack of understanding of a cable system's investment potential. The authors suggested that because of the new regulation restricting foreign ownership, American corporations would no longer be a source of capital for cable development. For reasons that are not altogether clear, they suggested that Canadian broadcasters and publishers would also cease to be a prime source of capital in future as a result of policy decisions of the C.R.T.C. The possibility of raising public financing has now improved substantially, they concluded. Furthermore, many lenders were becoming aware that the highly stable influx of revenue from subscribers offered a steady cash flow that could substitute for physical assets as security against borrowed funds.

A monthly rental payment by subscribers is the principal source of a cable system's revenue. While there are substantial variations, representatives of one group with widespread interests in cable estimates that the rental charge usually ranges between $3.95 and $5.00 monthly, with the weighted average coming to $4.50. On average, there is an extra charge of $1.00 monthly for every additional television set hooked into the cable system. If the monthly charge is $5.00 a month, amounting to $60.00 over a full year, the rental is generally reduced to around $50.00 if paid in advance for a twelve-month period.

There are much wider variations with regard to installation charges. While many systems impose no charge to hook up the first television set and only a nominal amount for additional receivers, others levy fees ranging anywhere from $10 or $15 upwards to $165 or more.

One public company in the United States that has entered the cable television field in a major way is Vikoa Inc., which has published its summary of the economics of a cable system with a subscriber potential of 10,000 homes. While this estimate should probably be viewed with some reservation, particularly as to its application to systems in Canada, it nevertheless throws some light on a subject that is otherwise shrouded in darkness so far as the Canadian public generally is concerned.

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[3] Page 8, December 1968/January 1969 issue.

Vikoa estimated the capital cost of such a system would approximate $600,000; $20,000 for the tower supporting the head-end antenna, which was valued at $60,000; 100 miles of cable and associated electronic equipment costing $5,000 per mile (which is reasonably close to the Canadian experience), for a total of $500,000.

As the following outline illustrates, Vikoa estimated that such a representative system would begin to generate a favourable cash flow by its third year, rising to $180,240 by the eighth year. By the fifth year, it is shown as paying an after-tax return on equity of 20.9 per cent, and 40 per cent by the eighth year.

Table 126. Cable Television System Economics as Estimated by Vikoa, Inc. of the United States

Subscriber potential: 10,000 homes
Investment $600,000 (50% equity, 50% debt)

Year	*1st*	*3rd*	*5th*	*8th*
Saturation Level	10%	25%	50%	75%
			Dollars	
Annual Revenues				
Service Charge	60,000	150,000	300,000	450,000
Hookup Fee	8,000	8,000	8,000	8,000
Total	68,000	158,000	308,000	458,000
Expenses				
Payroll	30,000	30,000	40,000	40,000
Pole Rent	12,000	12,000	12,000	12,000
Franchise Fee	1,800	4,500	9,000	13,500
Marketing	25,000	25,000	25,000	15,000
Hookup Cost	10,000	10,000	10,000	10,000
Maintenance	10,000	10,000	20,000	20,000
Other	9,000	9,000	13,000	13,000
Depreciation*	60,000	60,000	60,000	60,000
Interest†	24,000	24,000	24,000	24,000
Total	181,800	184,500	213,000	207,500
Pre-Tax Income	(113,800)	(42,500)	95,000	250,000
Taxes	–	–	41,250‡	130.260§
Net Income	(113,800)	(42,500)	80,750	120,240
Cash Flow	(53,800)	17,500	140,750	180,240
Return on Capital	–	–	13.5%	20.0%
Return on Equity	–	–	20.9%	40.0%

* 10 year straight life
† 8% interest
‡ 15% tax rate
§ 52% tax rate

From the point of view of a system operator, the economics are very powerful. Cash flow breakeven is achieved very early, no taxes are paid for five to six years and at that time the system can be sold for $400 per subscriber, compared to the initial $100 per subscriber investment. Such systems are attractive to an acquiring company because in many instances they have not been effectively marketed and a company like Vikoa can sharply increase the subscriber saturation level in a short period of time.

This theoretical model presupposes that the system will attract at least 6,000 subscribers out of the potential total of 10,000, involving an investment per subscriber of $100. While Vikoa estimated that such a system could be sold for a return of $400 per subscriber in the United States, this is a much higher multiple than generally could be secured in Canada. Experts in the field indicate a sale price based on around $200 to $250 per subscriber is a more usual figure in this country. The actual price, of course, depends on a number of factors, one of the most important being the potential for future growth of the system. In London, Ontario, Community Television Ltd., with 11,000 subscribers was reported by the September, 1968, issue of Canadian Broadcaster to have been sold for around $2.5 million, which would bring its value per subscriber to $227.

A senior executive of one of Canada's larger investment houses, who has carefully studied the cable television industry, cited the example of two systems operated jointly in northern Quebec since 1962. By 1968 these two systems had 17,000 subscribers and a total income of $828,000. Total expenditures amounted to $290,000, providing an operating cash income of $530,000. Depreciation amounted to around $84,000. Even after payment of a management fee of $158,000 to the parent company, the after-tax net earnings amounted to $152,000.

It was estimated that if the company was restructured to eliminate the management fee, net income would come to approximately $210,000, a return of more than twenty-five cents on the sales dollar.

This financial analyst maintained that these two systems could be sold for $200 per subscriber, the total coming to $3.4 million. This was based on an assumption that the capital cost would be covered by returns from the systems within eight years. This was based on projected increases in income resulting from an estimated increase in the number of subscribers from 17,000 to 23,000 out of 28,000 homes in the market area by 1976.

While a price per subscriber provides a rough rule-of-thumb approach to the sale value of a cable television system, the determination of price is usually arrived at in a more complex and sophisticated way and ultimately reflects the bargaining position of the buyer and the seller. For a system in the very early years of its development and a bright future ahead of it, the determining factor is likely to be a projection of the cash flow expected over the next six to six and a half years, based on the potential for growth in the number of subscribers, with a discount factor for outstanding debt forming part of the calculation.

In the case of more mature systems which have largely exploited the potential of their market, a price based on a multiple of annual earnings appears to be the most usual approach. Public companies have a substantial edge as buyers. The price of their own outstanding shares is usually based on a considerably higher multiple of earnings than is the case with privately held companies. A public company whose stock was trading at, say, twenty times earnings might have little hesitation in acquiring a cable television system at a price that represented eighteen times current earnings of that system. According to authorities in the industry, most private groups would hesitate to pay a price that represented more than 10 to 12 per cent of current earnings of the cable system because of the lower multiple that their own shares would command in the marketplace.

Something of a profile of the economics of cable television in Canada is provided by the following outlines of a number of reasonably representative systems currently operating in various parts of Canada. These outlines were prepared by a group with extensive cable interests and made available on the understanding that the names of the individual systems would not be identified.

Profiles of Representative Cable Television Companies

COMPANY A

Subscriber Information:

Subscribers @ April 19th, 1969:	35,603
Present Density:	80%
Potential – present under cable	44,973
– by 1975	53,500

Financial Information: (latest year end December 31st, 1968)

Total Fixed Assets:

Cost:	$2,192,358
Accumulated Depreciation:	$1,259,655

Loans: Nil

	1964	1965	1966	1967	1968
			Dollars		
Total Revenue After Discount .	869,000	1,000,000	1,126,000	1,306,000	1,525,000
Total Operating Expense	289,000	385,000	446,000	467,000	568,000
Depreciation	149,000	178,000	206,000	235,000	243,000
Income Taxes	213,000	217,000	233,000	295,000	386,000
Net Income	218,000	220,000	241,000	309,000	328,000
Interest Included in Expense ..	16,000	9,000	5,000	–	–

Net income in last year: 35.16 per cent of undepreciated capital investment.

Personnel: 33.

Subscriber Projection **(Including estimated community growth):**

	1968	1969	1970	1971	1972	1973	1974	1975
Potential ..	44,793	46,400	48,000	49,600	51,200	52,300	53,000	53,500
Individual Subs	23,930	25,530	27,117	28,566	30,084	31,050	31,450	31,747
Bulk Outlets ..	10,785	11,470	12,813	12,834	13,516	13,950	14,130	14,263
Total	34,715	37,000	39,000	41,400	43,600	45,000	45,580	46,010
Density ...	77.5%	80%	81.7%	83.3%	85.2%	86%	86%	86%

Rates:

Individual:	$4.95
Extra Outlets:	–
Bulk Scale:	$1.00 – $3.25
Connection Charge:	Nil

Company B

Subscriber Information:

Subscribers @ May 24th, 1969:	8,000
Present Density:	64%
Potential – present under cable	12,500
– by 1975	13,375

Financial Information: (latest year end December 31st, 1968)

Total Fixed Assets (December 31st, 1968):
Cost $672,094
Accumulated Depreciation $364,998
Loans: Nil

	1964	1965	1966	1967	1968
			Dollars		
Total Revenue After Discount	190,000	225,000	265,000	320,000	362,000
Total Operating Expense	74,000	85,000	87,000	123,000	128,000
Depreciation	43,000	49,000	55,000	64,000	61,000
Income Taxes	8,000	17,000	37,000	59,000	82,000
Net Income	65,000	74,000	86,000	74,000	91,000
Interest Included in Expense . .	–	–	–	–	–

Net income in last year: 29.6 per cent of undepreciated capital investment

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential ..	12,500	12,625	12,750	12,875	13,000	13,125	13,250	13,375
Individual Subs	7,275	8,285	8,905	9,460	9,970	10,285	10,555	10,780
Bulk Outlets ..	546	550	570	590	610	630	650	670
Total	7,821	8,835	9,475	10,050	10,580	10,915	11,205	11,450
Density ...	62.6%	70.0%	74.3%	78.1%	81.4%	83.2%	84.6%	85.6%

Rates:

Individual: $3.95
Extra Outlets: $1.00
Bulk Scale: $1.00 to $3.75
Connection Charge: $25.00 extra outlet $5.00

Company C

Subscriber Information:

Subscribers @ May 24th, 1969:	4,398
Present Density:	63%
Potential – present under cable	7,000
– by 1975	7,880

Financial Information: (latest year end December 31st, 1968):

Total Fixed Assets (December 31st, 1968):
Equip. Cost: $413,804 Land Cost: $3,697
Accumulated Depreciation: $186,689
Loans: $202,500

	1964	1965	1966	1967	1968
			Dollars		
Total Revenue After Discount .	53,000	79,000	101,000	142,000	189,000
Total Operating Expense	68,000	72,000	74,000	91,000	101,000
Depreciation	25,000	30,000	34,000	39,000	46,000
Income Taxes	–	–	–	–	–
Net Income (loss)	(40,000)	(23,000)	(7,000)	12,000	42,000
Interest Included in Expense .	8,000	9,000	12,000	14,000	16,000

Net income in last year: 18.5 per cent of undepreciated capital investment

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential . .	6,500	7,000	7,140	7,280	7,430	7,580	7,730	7,880
Individual Subs	3,575	4,090	4,350	4,525	4,650	4,795	4,885	4,980
Bulk Outlets . .	779	890	955	990	1,020	1,050	1,070	1,090
Total	4,354	4,980	5,305	5,515	5,670	5,845	5,955	6,070
Density . . .	67.0%	71.1%	74.3%	75.8%	76.3%	77.1%	77.0%	77.0%

Rates:

Individual: $4.50
Extra Outlets: $1.00
Bulk Scale: $1.00 to $3.50
Connection Charge: None

Company D

Subscriber Information:

Subscribers @ December 31st, 1968: 4,307
Present Density: 97%
Potential – present under cable 4,420
– by 1975 5,430

Financial Information (latest year end December 31st, 1968):

Total Fixed Assets:
Cost: $259,500
Accumulated Depreciation: $186,443
Loans: $160,000

	1964	1965	1966	1967	1968
			Dollars		
Total Revenue After Discount	131,000	153,000	172,000	175,000	203,000
Total Operating Expense	60,000	76,000	94,000	101,000	111,000
Depreciation	(44,000)	–	28,000	26,000	25,000
Income Taxes	8,000	14,000	16,000	16,000	26,000
Net Income	107,000	63,000	34,000	32,000	41,000
Interest Included in Expense .	3,000	12,000	13,000	13,000	13,000

Net income in last year: 56.16 per cent of undepreciated capital investment

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential ..	4,420	4,550	4,685	4,825	4,970	5,120	5,275	5,430
Individual Subs	3,842	3,915	3,995	4,100	4,215	4,345	4,485	4,630
Bulk Outlets ..	465	480	485	485	490	490	490	490
Total	4,307	4,395	4,480	4,585	4,705	4,835	4,975	5,120
Density ...	97.4%	96.6%	95.6%	95.0%	94.7%	94.4%	94.3%	94.3%

Rates:

Individual: $4.50
Extra Outlets: $1.00
Bulk Scale: –
Connection Charge: $15.00

Company E

Subscriber Information:

Subscribers @ May 30th, 1969:		35,940
Present Density:		21.2%
Potential	– present under cable	169,272
	– by 1975	237,100

Financial Information (latest year end December 31st, 1968):

Total Fixed Assets:
Cost: $6,125,145
Accumulated Depreciation: $2,865,108
Loans: $1,748,000

Net income in last year: 4.1 per cent of undepreciated capital investment

Personnel: 59

	1964	1965	1966	1967	1968
Total Revenue After Discount	1,034,000	1,226,000	1,348,000	1,530,000	1,836,000
Total Operating Expense	639,000	752,000	889,000	946,000	1,044,000
Depreciation	375,000	431,000	419,000	358,000	502,000
Income Taxes	(9,000)	15,000	Nil	6,000	156,000
Net Income	29,000	28,000	40,000	220,000	134,000
Interest Included in Expense .	88,000	101,000	112,000	113,000	121,000

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential ..	165,772	197,170	204,570	210,700	217,000	223,500	230,200	237,100
Individual Subs	27,218	33,495	39,240	44,335	49,100	53,740	58,465	63,105
Bulk Outlets ..	6,901	8,375	9,800	11,100	12,275	13,500	14,600	15,750
Total	34,119	41,870	49,040	55,435	61,375	67,240	73,065	78,855
Density ...	20.6%	21.2%	24.0%	26.3%	28.3%	30.1%	31.7%	33.3%

Rates:

Individual: $4.95
Extra Outlets: $2.50
Bulk Scale: $0.70 to $2.00
Connection Charge: $12.50 (including extra outlets)

Company F

Subscriber Information:

Subscribers @ May 17th, 1969:	3,819
Present Density:	51%
Potential – present under cable	7,500
– by 1975	8,040

Financial Information (latest year end December 31st, 1968):

Total Fixed Assets:
Cost: $409,769
Accumulated Depreciation: $176,066
Loans: $118,000

	1964	1965	1966	1967	1968
			Dollars		
Total Revenue After Discount	–	79,000	157,000	179,000	214,000
Total Operating Expense	13,000	82,000	93,000	101,000	107,000
Depreciation	23,000	34,000	37,000	40,000	42,000
Income Taxes	–	–	–	–	8,000
Net Income (loss)	(39,000)	(37,000)	27,000	38,000	57,000
Interest Included in Expense .	–	16,000	13,000	12,000	11,000

Net income in last year: 24.46 per cent of undepreciated capital investment

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential ..	7,500	7,575	7,650	7,725	7,800	7,880	7,960	8,040
Individual Subs	3,479	3,800	4,090	4,320	4,531	4,667	4,716	4,751
Bulk Outlets ..	376	420	450	480	504	518	524	524
Total	3,855	4,220	4,540	4,800	5,035	5,185	5,240	5,275
Density ...	51.4%	55.7 %	59.4%	62.1%	64.6%	65.8%	65.8%	65.6%

Rates:

Individual:	$5.00
Extra Outlets:	$1.00
Bulk Scale:	$1.00 to $3.75
Connection Charge:	$10.00

Company G

Subscriber Information:

Subscribers @ April 19th, 1969:	6,638
Present Density:	32%
Potential – present under cable	20,650
– by 1975	

Financial Information (latest year end June 30th, 1968):

Total Fixed Assets (December 31st, 1968):
Cost: $759,833
Accumulated Depreciation: $88,096
Loans: $867,000

	1964	1965	1966	1967	1968
Total Revenue After Discount	–	–	Nil	28,000	104,000
Total Operating Expense	–	–	15,000	112,000	172,000
Depreciation	–	–	Nil	13,000	42,000
Income Taxes	–	–	Nil	Nil	Nil
Net Income (loss)	–	–	(15,000)	(97,000)	(110,000)
Interest Included in Expense .	–	–	Nil	8,000	37,000

Net income in last year: nil of undepreciated capital investment

Personnel: 8

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential ..	20,650	24,300	32,000	33,500	35,000	36,500	38,000	39,500
Individual Subs	3,533	6,472	8,528	10,452	12,512	14,440	16,302	16,945
Bulk Outlets ..	2,047	3,490	4,592	5,628	6,738	7,775	8,778	9,125
Total	5,580	9,962	13,120	16,080	19,250	22,215	25,080	26,070
Density ...	27%	34%	41%	48%	55%	61%	66%	66%

Rates:

Individual: $4.95
Extra Outlets: Nil
Bulk Scale: $1.45 to $4.45
Connection Charge: $9.95

Company H

Subscriber Information:

Subscribers @ May 22nd, 1969: 5,093
Present Density: 11.8%
Potential – present under cable 43,283 (May 22nd, 1969)
– by 1975 104,500

Financial Information (latest year end June 30th, 1968):

Total Fixed Assets (December 31st, 1968):
Cost: $1,843,040
Accumulated Depreciation: $161,987
Loans: $2,453,616

	1964	1965	1966	1967	1968
			Dollars		
Total Revenue After Discount	3,000	9,000	15,000	20,000	39,000
Total Operating Expense	3,000	16,000	14,000	12,000	231,000
Depreciation	–	–	8,000	16,000	30,000
Income taxes	–	–	–	–	–
Net Income (loss)	–	(7,000)	(7,000)	(12,000)	(222,000)
Interest Included in Expense .	–	–	8,000	16,000	30,000

Net income in last year: nil of undepreciated capital investment

Subscriber Projection (Including estimated community growth):

	1968	1969	1970	1971	1972	1973	1974	1975
Potential . .	–	52,673	94,500	96,500	98,500	100,500	102,500	104,500
Individual Subs	–	6,300	16,000	22,300	26,650	29,500	32,050	34,000
Bulk Outlets . .	–	50	4,000	7,400	8,850	9,800	10,650	11,300
Total	–	6,350	20,000	29,700	35,500	39,300	42,700	45,300
Density . . .	–	12.1%	21.2%	30.8%	36.0%	39.1%	41.7%	43.4%

Rates:

Individual:	$5.00
Extra Outlets:	Nil
Bulk (No Scale):	$2.00
Connection Charge:	$10.00

ECONOMIC OUTLOOK FOR CABLE TV: CLOUDY

Although many cable television systems have earned substantial profits up to now, a number of new factors affecting both the cost and revenue side suggest that the industry may be facing some troubled times ahead.

As noted earlier, the C.R.T.C. in its announcement of May 13, 1969, indicated that it would take a close look at the structure of rates charged subscribers in considering new licence applications and would not permit these rates to be increased without its approval. In another related announcement on July 10, 1969, the Commission declared that it "will not entertain applications for changes in the conditions of CATV licences as regards customer charges solely to adjust to capital valuation or terms of payment arrived at in the bargaining between the seller and the buyer." In addition, the Commission has also, at least for the present, denied cable systems the possibility of obtaining additional revenue by running their own commercials over closed-circuit channels.

At the same time, however, operators of cable television systems face the possibility of a substantial increase in their expenses. The cost of acquiring cable facilities, particularly those leased from the common carriers, has been rising sharply. The cable companies are also under increasing pressure to provide more extensive service, which will force some systems into a heavy investment at an early date to switch over from cable with a capacity of up to twelve channels to twenty channels or more.

That cable systems will be expected in future to undertake increasingly extensive programming of their own, without the promise of any offsetting increase in rates or ability to seek commercial revenue, is already evident.

> CATV can assist in the development of community identity through locally produced programmes; they can also assist provincial and local authorities in the development of educational services. They can participate in the enrichment of the community's cultural life through the distribution of Canadian produced films, educational information and other films of particular interest produced for public showing but not normally available in that area. CATV local programming should complement rather than compete with programming already available to the community through television and commercial movie houses.

To many in the industry the message that comes through is that if the operators of a particular system fail to develop adequate programming of their own, the licence may be granted to other interests that will.

Despite the restriction indicated by the Commission on rates and on advertising revenue, at least some cable operators believe that the cost of closed-circuit programming cannot only be covered but converted into a profitable operation by attracting additional subscribers to the system. "Local programme origination is clearly in the public interest and it is our responsibility and obligation to provide it – because it will not come from any other source," declared Udo Salewsky, General Manager of Grand River Cable TV Ltd., in the September-October 1968 issue of the Canadian Telephone and Cable Television Journal. "Why cablecast when it means a sizeable investment in expensive origination equipment plus increased operating costs when you have already achieved a high saturation percentage for your system without it? ," he asked.

> Many operators were satisfied to sign up 70 to 75 per cent of the potential customers in their area. If all they had to offer was a relay system for other television stations, they had good reason to be satisfied with this percentage. However, actual facts and figures obtainable from cablecasting systems south of the border prove that cablecasting can be rewarding in terms of extra revenues from new subscribers attracted by it. With cablecasting, you are able to offer programmes unavailable to people not on cable; with cablecasting you have a selling tool of proven power and appeal and you are offering something extra people in your community will want to receive. With a cable channel in your community and imaginative programming there is no reason why you shouldn't be able to attain a 90 per cent saturation figure or better, with the revenue obtained from subscribers you had originally written off as unobtainable actually paying for your cablecasting equipment costs and your increased operating costs.

To support his case, Mr. Salewsky cited the hypothetical example of a system with 9,000 subscribers, 70 per cent of a potential 14,000. He estimated that equipment for black-and-white programming could be acquired for $25,000, with an additional investment of $10,000 for time and weather dials, background music, and a slide projector with an audio tape-recorder to carry prerecorded announcements.

Operating expenses to provide forty-two hours of programming per week were estimated at $43,000. Another $26,950 would be added in the first year, diminishing slightly in succeeding years, to cover interest, depreciation and additional sales and installation costs, for a total of $69,950. Assuming that programming would add another 700 subscribers in each of the first two years at a charge of $4.50 per month to bring saturation of the market up to 80 per cent, Mr. Salewsky estimated the cost, revenue and profit picture for cablecasting alone would take the shape outlined in Table 127. "It follows," the author observed, "that after five years you would have recovered the full cost of your equipment, met your increased operating expenses out of increased revenues and realized a satisfactory profit from your cablecasting operation."

He maintained that substantially higher profits could be obtained by larger systems that would face very much the same costs but expect to gain a sharper increase in revenues. Table 128 shows Mr. Salewsky's estimate of the picture for a system with 28,000 subscribers and a potential of 40,000.

Table 127. Hypothetical cablecasting System Costs and Operating Return – 14,000 Subscriber Potential

	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
			Dollars			
Revenues	19,851	56,399	75,600	75,600	75,600	303,000
Operating Expenses	43,000	43,000	43,000	43,000	43,000	215,000
Depreciation:						
Cablecasting Equipment	7,000	7,000	7,000	7,000	7,000	35,000
Depreciation:*						
Installation Costs	1,400	2,800	2,800	2,800	2,800	12,600
Sales Costs	3,500	3,500				7,000
Interest:†						
Cablecasting Equipment Loan	2,450	1,960	1,470	980	490	7,350
Profits before Taxes	(37,499)	(1,861)	21,330	21,820	22,310	26,100

*Depreciation. Based on a cost of $20.00 per new installation and 10 per cent straight line cost depreciation per year for a maximum of 10 years.
†Interest – Equipment Loan. Based on a $35,000 five year loan at 7 per cent interest annually on a diminishing balance.
SOURCE: Udo Salewsky, Can. Telephone and Cable Television Journal, Sept.-Oct., 1968.

Table 128. Hypothetical Cablecasting System Costs and Operating Return – 40,000 Subscriber Potential

1st Year 2nd Year	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
			Dollars			
Revenues	58,500	167,500	216,000	216,000	116,000	874,000
Operating Expenses	43,000	43,000	43,000	43,000	43,000	215,000
Depreciation:						
Cablecasting Equipment	7,000	7,000	7,000	7,000	7,000	35,000
Depreciation:						
Installation Costs	2,000	4,000	4,000	4,000	4,000	18,000
Sales Costs	10,000	10,000				20,000
Interest:						
Cablecasting Equipment Loan	2,450	1,960	1,470	980	490	7,350
Increase in regular system maintenance costs*		4,200	16,400	16,400	16,400	53,400
Profits before Taxes	(5,950)	97,340	144,130	144,620	145,110	525,250

* Increase in regular maintenance costs. Calculated on the basis that an increase of 2,000 new subscribers would require 1 additional office girl and 4,000 new subscribers would require one additional maintenance technician, fully equipped with a truck and test equipment. Assumed salary of office girl: $4,200

While the use of colour would sharply increase capital costs, the general manager of the Grand River system maintained that it could well enable a company to realize 90 per cent of its potential market. Taking the hypothetical example of the system shown in Table 129 the economics of colour programming were calculated.

As mentioned previously, systems in some areas with a capacity of only twelve channels are confronted by imminent pressures to expand their system to twenty channels. In a city such as Toronto, an estimate of the cost of making this conversion on one system is estimated at approximately $100 per subscriber, roughly two-thirds as much as the original cost of installation. Included in this figure is the cost of equipment that must be added to a television set to make possible reception of the added channels.

In the case of one Toronto system that was examined as an example, only ten of the existing twelve channels are usable. Both channel 6 (CBLT-TV) and channel 9 (CFTO-TV) must be converted to other channels in the system to avoid the distorted image that results from the time lag in the signal received over-the-air and by cable from transmitters within ten to fifteen miles.

The system carries four other Ontario television stations in Hamilton, Barrie, Kitchener, and Peterborough, bringing the total to six. In addition, four stations are relayed from Buffalo, three of them VHF and one, an educational television station, that is converted from UHF to VHF before being idstributed through the cable system, raising the total to 10.

There is a prospective requirement on the system to employ an additional four channels to provide for: a provincial educational television station; a CBC French-language station and another commercial television station, all broadcasting on UHF; local programming by the cable system.

Unless the capacity of the system were increased, it is probable that the stations in Barrie, Kitchener, and Peterborough would be eliminated from the system (Hamilton must be carried under existing C.R.T.C. rules). The fourth station to go would likely be the ETV outlet in Buffalo, which is highly popular with a relatively small minority of cable subscribers. The three Buffalo VHF stations would be retained at virtually any cost, since their reception is regarded as the prime motivating force to subscribe to cable.

Obviously, the elimination of the three Canadian channels from the cable system would not be well received by the station operators and their displeasure could conceivably be reflected in new rules by the C.R.T.C. regarding priority of programme distribution. These rules might leave a cable operator in this situation, with virtually no other choice but to install a system with a greater channel capacity. If the current dreams of the visionaries are ever realized, this tendency could be reinforced by the eventual development of a multiplicity of other services that might be provided by cable systems.

Reference was made earlier to the higher costs of installing cable systems being faced by operating companies, particularly because of higher leasing charges levied by the common carriers. This question will be touched on in the following section dealing with the relationship of cable systems and television broadcasting with the common carriers and the closely related inquiry being conducted at present by the Department of Communications.

Table 129. Hypothetical Cablecasting System Costs and Operating Return – 40,000 Subscriber Potential Colour Casting Capability

	1st Year	2nd Year	3rd Year	4th Year	5th Year	Total
			Dollars			
Revenues	58,500	167,500	216,000	216,000	216,000	874,000
Operating Expenses	55,000	55,000	55,000	55,000	55,000	275,000
Depreciation:*						
Cablecasting Equipment	21,000	21,000	21,000	21,000	21,000	105,000
Depreciation:						
Installation Costs	2,000	4,000	4,000	4,000	4,000	18,000
Sales Costs	10,000	10,000				20,000
Interest:						
†Colorcasting Equipment Loan	7,350	5,880	4,410	2,940	1,470	22,050
Increase in regular system maintenance costs	4,200	16,400	16,400	16,400	16,400	53,400
Profits Before Taxes	(36,850)	67,420	115,190	116,660	118,130	380,550

* Depreciation: Cablecasting Equipment. Based on an equipment cost of $105,000

† Interest: Colorcasting Equipment Loan. Based on a five year loan of $105,000 at 7% interest per year on a diminishing balance.

CABLE TELEVISION AND THE TELEVISION BROADCASTING INDUSTRY

In no area involving the mass media are there so many claims, counter-claims, conflicts and contradictions as that involving the impact – actual and potential – of cable television on the television broadcasting industry. Seldom has so much controversy been supported by so few facts.

The Canadian Association of Broadcasters, in a brief to the C.R.T.C. on the whole question of cable television, said it would come as no surprise that broadcasters "have not developed a unanimous view on either possibilities or policy." That is a major understatement.

C.A.B. President Raymond Crépault told the Commission that the extension of cable coverage through the use of long-distance microwave relay facilities – the immediate issue before the C.R.T.C. – involved, "a basic question of survival" for Canadian broadcasting as it was conceived by the Federal Government.

> If we are to maintain our Canadian identity and to safeguard, enrich and strengthen the cultural, political social and economic fabric of Canada, we must look to extension of the second Canadian service to all Canadians before considering microwave delivery of American cable signals to those Canadians in the heavily populated urban areas,

insisted the British Columbia Television Broadcasting System.

> Clearly, further fragmentation of the audience will affect the economic viability of a privately owned operation such as CTV and any damage will necessarily limit our capacity to serve the objects of the Broadcasting Act with respect to Canadian program service,

submitted Murray Chercover, President of the CTV network.

In sharp contrast, Maclean-Hunter, which has substantial television and cable interest, told the Commission that the use of microwave to allow the extension of cable television to urban centres now unserved was a "pre-requisite to solving our national communications problems."

Canada, the company said, must "make use of every advance in technology if we are to achieve even our minimum television service goal of giving all Canadians a choice of programs in either language."

The eventual establishment of a cable distribution network would help to "enhance the Canadian way of life. We view microwave as the only practical technological means by which distant Canadian and U.S. signals can be placed on cable systems in many of Canada's communities," declared Selkirk Holdings, another major owner of both television and cable interests. "We see microwave as a means to an end – but not as an end in itself. If it can enhance cablevision's growth, the development of Canadian productions using Canadian talent will ultimately outweigh the use of U.S. originated programs."

These sharply conflicting views reflect widely different opinions about the impact cable television is having, will have and should have, on television broadcasting as we know it today.

The extent of the disagreement over the impact of cable systems is further illustrated on the question of UHF television stations. In its submission to the

C.R.T.C., the Canadian Association of Broadcasters contended that the extension of cable systems would inhibit the development of UHF stations, if not rule them out completely.

A diametrically opposite view has been argued by cable operators, who maintain that their systems offer the only method of introducing UHF broadcasting on a viable basis for a number of years to come.

They maintain that it will be at least four to five years before 50 per cent of the television sets in use are equipped to receive UHF broadcasts, in line with the requirement that went into effect in mid-1969, and some eight years before the greater proportion of sets are UHF-equipped. Under these circumstances, they insist, the only way in which UHF television stations could reach audiences of any appreciable size is to distribute their signal over cable systems, which convert it to the standard VHF frequencies.

In part, the issue must be considered in relation to a time factor, as Mr. Juneau implied in his May, 1969, address to the Canadian Cable Television Association in Quebec City. "We have been developing both a long-term and immediate view of what cable television could and should become," he said.

> Some of these goals are so radically different from what applies today that their immediate application might bring chaos to the communications industry of this country. And yet, within the framework of our responsibility, it is our overall aim to help bring the maximum advantage of communication technology to the people of Canada within the shortest period of time compatible with ordered growth.

Although the ramifications are complex, and to a considerable extent remain a matter of conjecture, the nature of the problem, real or potential, presented to television broadcasters by the widespread installation of cable television is reasonably simple. At issue is whether or not cable does, or will, result in Canadian audiences spending more of their viewing time watching a multiplicity of American and Canadian television stations and less time watching local stations, causing the advertising revenue of the latter either to decline or at least to grow more slowly than in the past.

The advertising revenue of Canadian stations could be affected in four different ways. The fragmentation of audiences caused by cable and the resulting decline in the relative amount of man-hours spent viewing a Canadian station could lead to a decline or at least slower growth of advertising rates that the station could charge. It could also induce some companies to put a greater proportion of their advertising dollars in other mediums.

Increased Canadian viewing of American stations might persuade manufacturers of North American brand-name products to rely more heavily on their American television advertising "spilling over" into Canada, making it less necessary to place advertising of these brands on Canadian stations.

Increased viewing of American television could lead to an increase in the present volume of advertising by Canadian companies on American stations aimed primarily at Canadian audiences. One source within the industry estimates this amounts to about $6 million a year at present, but another has calculated that up to this amount is spent on advertising over KVOS-TV in Bellingham, Washington alone.

It might be observed in passing that some Canadian companies with markets on both sides of the border already place advertising on American stations that is aimed at both American and Canadian viewers.

While the advertising revenue of Canadian television stations could be affected in all four of the ways outlined above, the vital question obviously concerns the degree to which they may be affected individually and collectively. There is a natural tendency for any industry faced with an impediment to its growth to exaggerate the extent of its difficulties in the hope of retaining or being granted a measure of protection against its competitors. During the past year, there has been a growing demand within the broadcasting industry for protection through some form of restriction on the spread of cable television or on the number of alternate channels it makes available, or through ownership of community cable systems by the interests that control the local station or stations.

Those seeking to justify continuation of the protection now enjoyed, or the provision of protection in some amended form, frequently have done so on the grounds, among others, that it is necessary either to maintain or improve the present level of programing or to make possible the extension of alternate Canadian television service across the country. "Wide-ranging extension of signal importation could siphon the program fare of existing television services, erode its economic base, force reduction in its news and public affairs programming, stifle the growth of UHF and result in less, rather than more diversity," the Canadian Association of Broadcasters maintained in a brief to the C.R.T.C. "In smaller markets, regardless of present viability, such developments could produce adverse consequences for radio broadcasting stations and seriously vitiate the possible development of frequency modulation broadcasting."

If there is one thing that everyone agrees on, it is the fact that the improved reception and multi-channel viewing offered by cable television is becoming immensely popular with Canadians. Any protection granted to television broadcasters therefore, is bound to be at the expense of Canadian viewers.

In these circumstances, it is obviously important to form some judgment about the real extent to which Canadian television broadcasters are being hurt or are likely to be hurt by cable facilities and of its probable effect on Canadian television service.

Given the sharply rising profitability of the industry as a whole in recent years, some slowing down in the rate of future growth is hardly likely to be viewed by the majority of Canadians as sufficient justification for protecting the industry against the impact of technological and economic change. Even if it is accepted that cable is likely to have a major adverse impact on television broadcasting, crucial questions remain to be answered as to whether protection is justified and, if so, to what extent and for how long.

The fact is of course, that in some parts of the country – those that are many miles away from the nearest American stations – Canadian television broadcasters have for some years enjoyed a substantial degree of protection from cable television. This protection has taken the form of a policy first instituted by the Department of Transport prohibiting cable operators from employing more than a single microwave hop to relay signals picked up by the head-end receiver to the

beginning of the trunk cable. Since up to now microwave has been the only economic method of relaying signals over long distances, the policy has effectively prevented the importation of American signals into such communities as Calgary, Edmonton, Red Deer, Saskatoon, Sudbury, Moncton, Halifax, and St. John's.

This policy clearly discriminates against certain parts of the country solely on the basis of geography, since in recent years few impediments have been put in the way of the establishment of cable systems in areas where American signals could be received either without benefit of microwave or with a one-hop relay facility. It was the growing outcry of the public in these areas against this kind of arbitrary discrimination that led the C.R.T.C. to re-examine at its public hearing in Vancouver in October 1969 the microwave policy it inherited from the Transport Department. The Hon. Raymond Reierson, Alberta's Minister of Telephones, spoke for a large number of Canadians when he told the Commission in his brief: "All residents of Alberta should have the same opportunity to receive Canadian and American television via community antenna television systems as do Canadians living in close proximity to the Canada-United States border."

It is important to maintain some perspective about the dimensions of the issue at hand. As noted earlier, some 17 per cent of all television homes in Canada are now equipped with cable. In its March 1969 report, the Bureau of Broadcast Measurement indicated, according to a CBC analysis, that 15.9 per cent of all those who watched some television during the survey week made use of a cable-equipped set.

From an analysis of its previous survey, that for November, 1968, B.B.M. estimated that some 37 per cent of Canadians who watched television during the week tuned at least once to an American station. It is also estimated by a C.R.T.C. study that Canadians spent about 17 per cent of total viewing hours watching American television stations in that week. This compares with the estimate that some 68 per cent of all Canadian television homes are capable of receiving American stations either directly or by cable.

While only some 17 per cent of Canadian television homes are now wired, it will be recalled that D.B.S. estimated that as of 1967, 75 per cent of Canadian television homes lay within areas for which cable licences have been granted.

It needs to be borne in mind that the great bulk of the estimated 68 per cent of Canadian television homes within reach of American stations can and do receive these signals off-the-air with their own antennae. For the great majority of these people, cable only brought in more American stations, usually with a better quality of reception. The claim of the Canadian Association of Broadcasters that "the bulk of cable systems, especially in more populous areas, are bringing one or more United States' signals into homes which could not otherwise have access to them," appears disputable on the basis of the extent of cable viewing estimated by the CBC in communities within reach of American stations by off-the-air pickup.

It seems unlikely that the C.R.T.C. would be prepared to close down the cable systems now in operation or to restrict the extension of their service to new customers in the licensed area. On the contrary, the Commission has already decreed that cable companies must stand ready to provide service to all of those in the franchise area who request it. There would seem to be an only slightly less

remote possibility that the C.R.T.C. would order some cutback in the range of service now being provided by these companies, although it was urged to do so by the Canadian Association of Broadcasters. If these assumptions are correct, what may be really at issue is the nature of the cable service, if any, to be made available to approximately one-quarter of Canadian homes with television that are beyond cable service, or at least were as of 1967. "The public is demonstrably interested in multi-service television and in many areas this can only be provided in a practical way by CATV systems," the CBC pointed out in its own submission to the C.R.T.C.

To do a proper job in the provision of multi-service television, cable systems need microwave. It seems to the corporation that the principle of authorizing cable systems to use microwave has already been taken. The question involved is whether Canadians should have single television service, alternative service, or multi-service. The principle that multi-service should be made available to the public (on which the use of microwave by cable should presumably rest) was first established when cable systems were allowed to bring the signals of "outside" stations into areas already served by one or more "local" stations. In most cases, cable was permitted to make additional television program service available in cities where broadcasters were not permitted to establish additional broadcasting transmitters because of limited market resources.

> The licensing of CATV systems by Canadian authorities indicated a belief that Canadian broadcasting has grown and matured to the point where it should be able to hold its own in head-to-head competition with American stations and networks and at the same time be capable of meeting the objectives of the Broadcasting Act and the requirements of the commission. The wish of the public for multi-service is shared by urban and rural dwellers alike, wherever domiciled. This wish can and is being met by CATV systems in all areas where "distant" stations (especially American) can be received through CATV antennae and these areas embrace some 60 to 70 per cent of the total Canadian population.
>
> It is, therefore, difficult to argue that similar service should not be made available to the remaining 30-40 per cent of the population when all that is needed to achieve it is the will of the people to pay and the granting of authority to CATV systems to use microwave.

CABLE'S IMPACT ON CANADIAN TELEVISION STATIONS

The present controversy grows out of fundamental differences of opinion on a question that lies at the very root of the entire issue – whether any significant proportion of Canadian television stations is being or will be substantially hurt financially by cable systems because of the fragmentation, loss or slow growth of audiences, and resulting pressure on advertising revenue.

In its brief to the C.R.T.C. on microwave policy, Maclean-Hunter Cable TV Ltd. acknowledged that the availability of additional channels would cause some fragmentation of audiences. "It is questionable that in so doing it will have an appreciable effect on the [Canadian broadcaster's] revenue and hence his ability to pay for local programming," the company added.

> The continuing growth of advertising revenue should make up the difference, providing that a significant amount does not go to the American stations which are being microwaved into the market. This very real problem could be overcome by the same method of non-deductible expenses for income tax as has been used for Canadian magazines.

Ironically enough, a very different view was taken by a cable television company seeking a licence to establish a system in Calgary, Microwave Cablevision Ltd., in which Maclean-Hunter and Selkirk Holdings each have a 23 per cent interest, the remaining 54 per cent being in the hands of the public. "From the engineering and economic information available to us, we are satisfied that the only practical way to provide cablevision in Calgary is by microwave," the company said.

> We are aware that the provision of U.S. television programs would be welcomed by the viewers in Calgary. We are, however, equally aware that this additional service brings a number of attendant obligations to existing broadcast stations which, if not protected, will result in a grave deterioration of those particular services which they are presently providing to the community.
>
> It is quite obvious that if these U.S. programs are provided to the viewing audiences in Calgary, it will result in a serious loss of advertising revenue to the established television stations which will result in reduction of services that are presently being extended to the community by those television stations.
>
> However, we feel cablevision is inevitable in a city the size of Calgary at some point of time, and therefore, we feel it essential that the T.V. stations be a part of cablevision in Calgary.

Mr. Reierson, the Alberta Minister of Telephones, provided the C.R.T.C. with a contrasting assessment of the economic impact of cable. "We feel the day has arrived when our stations are capable of meeting this competition," he told the commissioners. Studies he had made, the minister added, "have not indicated this type of competition is going to cripple our stations in any way."

It should be noted that both Maclean-Hunter and Selkirk own television stations in Calgary and Lethbridge. Maclean-Hunter maintained in its own brief that local broadcasters should be permitted to be minority participants in cable systems using long-haul microwave and that co-operation between local broadcasters and cable companies was "both desirable and necessary." The company did not explain why this was so, nor did it deal with the question of public policy raised by the common ownership of potentially competitive companies. (In the United States, the F.C.C. – supported by the Justice Department – has proposed that broadcasters should not be permitted to acquire an interest in a cable system in the same community. The Justice Department went further and argued that it should also be denied to local newspaper interests, as well.)

On this same point, the Canadian Association of Broadcasters suggested that dual ownership of broadcasting and cable facilities should not be considered to amount to excessive concentration.

> Other factors being equal, we feel that the licensing of broadcasting transmitting undertakings does not, on the face of it, usually fall within the framework of excessive concentration. In doing this, we submit the C.R.T.C. is simply assisting licensees of broadcasting transmitting undertakings to extend their service for the purposes of further assisting the objectives of Section 2 (b) of the Broadcasting Act.

This argument ignored the potential competition that may and perhaps should develop between conventional broadcasters and the programming function of cable systems. Furthermore, the suggestion that it was in the national interest for television station interests also to control cable systems within the same community appeared to conflict rather sharply with the contention of C.A.B. President,

Raymond Crépault, that the whole issue of cable raised "a basic question of survival" of the national broadcasting policy.

Microwave Cablevision Ltd., in effect, argued that the participation of MacLean-Hunter and Selkirk, owners of competing stations in Calgary and Lethbridge, was justified because of the serious loss of revenue each of their stations would suffer from the introduction of American stations via cable.

This assessment of the economic probabilites was in obvious contrast to Maclean-Hunter's general view about the economic impact of cable television on broadcasting stations. It is notable, also, that in its own brief Selkirk Holdings called for abandonment of restrictions on the use of microwave in conjunction with cable and made no reference to any adverse effect such a policy might have on its own stations or any others.

Many of the fears expressed about the adverse impact of cable television are based on conjecture about the future, rather than on the past or present situation confronting Canadian television stations already heavily exposed to the effects of competition for audiences from American stations, either directly or via cable.

The Toronto-Hamilton market in particular has long been fragmented. The fall 1968 Survey of B.B.M., for example, indicated that audiences on the Canadian side of the border spent nearly thirty-four million hours watching the three Buffalo stations as a group compared to approximately fifteen million hours for CBLT-TV and sixteen million for CFTO-TV in Toronto, the CBC and CTV affiliated station respectively, and 11.7 million for the independent station in Hamilton, CHCH-TV. Not only have the Toronto-Hamiltion stations faced competition from the three Buffalo stations for audiences, but they have also been forced to compete directly for advertising dollars.

While the CBC station is in a special situation, there is no indication that either of the two private stations in the Toronto-Hamilton area have suffered unduly from this competition, although undoubtedly they would be more prosperous without it.

Of the three Toronto-Hamilton stations, CHCH-TV has the smallest circulation and total hours of tuning. Late in October, 1969, it was announced that Selkirk Holdings, which already had a 15 per cent interest in CHCH-TV through Niagara Television Ltd., had bought out the other shareholders to acquire full ownership subject to C.R.T.C. approval. Selkirk paid $4.5 million in cash, plus 721,280 class A shares. Based on the price of the shares at the time, the total amount involved in acquisition of the other 85 per cent of the shares was estimated at approximately $16 million.

On the basis of the offering price by Selkirk, that suggests a total value for the property of nearly $19 million. If it is assumed, for the purpose of illustration, that this price represents around 20 times current earnings, the profits of the station would amount to around $950,000. Reporting in the Toronto *Star* on the transaction October 25, 1969, correspondent Jeremy Brown wrote:

> Quietly, a license to make money changed hands yesterday and Canada's only independent, English non-network television station vanished into the bland bosom of a communications conglomerate.
>
> And in the transaction, which saw Hamilton's Channel 11 sold to Selkirk Holdings Ltd. for something over $16 million, died the visions of its founder, the late Kenneth D. Soble.

> It was the end to an era that saw a textbook rise from rags interrupted before the ultimate grand vision was realized.
>
> The rise involved some of the famous communications families in Canada, highly placed politicians, enormous sums of money, and the tale of a little television station which set itself up against three American and two Canadian networks and emerged with recent grosses in excess of $7 million a year.

Carrying the conjecture a step further, if revenues amount to around $7 million and profits of around $950,000, this would suggest that the station was making in the neighborhood of thirteen cents on the sales dollar.

THE EXPERIENCE IN BRITISH COLUMBIA

The most outspoken opposition to cable television has come from the British Columbia Television Broadcasting System Ltd., in which Western Broadcasting, Selkirk and Famous Players each hold substantial minority interests. Each company also has interests in cable television, those of Selkirk and Famous Players being very extensive. Western Broadcasting recently is reported to have acquired an interest of 38 per cent in a cable system in the Metropolitan Vancouver area, subject to C.R.T.C. approval.

In his submission to the commisssion regarding the issue of microwave relay use in conjunction with cable, J.R. Peters, president of British Columbia Television, contended that the extended employment of microwave by cable systems to import broadcasts from the three American networks "is not in the public interest in Canada at this time." Mr. Peters said he reached this conclusion on the basis of the experience with one of the largest cable enterprises in the world faced by his company, which operates CHAN-TV in Vancouver and CHEK-TV in Victoria. "The CATV systems in our viewing areas are most successful systems indeed," he told the commission.

> They are able to take advantage of the terrain, which is not conducive to good television reception because of the multipath signals which are reflected from the surrounding mountains. Also they are able to offer reception of several stations in the Seattle-Tacoma area of Washington State, which is too far away for good reception by most of the homes using a conventional antenna. As a result of these factors, nearly 200,000 homes subscribe to these CATV systems. [Although British Columbia has the highest per capita cable coverage in Canada, it is estimated that only 45 per cent of all homes receive television via cable. This is significantly lower than the number of cable homes within the broadcasting area of CFPL-TV in London.]

Mr. Peters told the commission that British Columbia Television has become increasingly concerned about the growth of Canadian audiences for television stations in the Seattle-Tacoma area.

In the Vancouver and Lower Mainland area of British Columbia, non-cable households have a choice of four stations: CHAN-TV and CHEK-TV, both owned by British Columbia Television; CBUT-TV, the CBC station in Vancouver, and KVOS-TV, the American station in Bellingham, Washington, which exists primarily to serve the Canadian market. Cable viewers, however, have a choice of nine stations, the additions being: KIRO-TV, KOMO-TV, KING-TV and KTNT-TV, from the Seattle-Tacoma area; and an education television station, also in Seattle; programming originated by the largest cable system in the Vancouver area.

To support his contention about the adverse impact of cable on the British Columbia Television stations, Mr. Peters appended to his brief an extract from an analysis of viewing patterns prepared by the A.C. Nielsen Company of Canada Ltd.

Commenting on the Nielsen study in his brief, Mr. Peters noted that the viewing of distant American stations was four times greater in cable households than it is in non-cable households. "Put another way, it shows that 10 per cent of total hours viewed is directed towards the Seattle-Tacoma area in non-cable homes, whereas in cable households this increases to 40 per cent of the total hours viewed." The chart prepared by Nielsen indicates that the station that has been most drastically affected by the introduction of cable is KVOS in Bellingham. Its proportion of total viewing hours over the whole week falls from 36 per cent for non-cable households to 20 per cent, a decline of sixteen percentage points. This compares with a drop for all three Canadian stations of a total of fourteen percentage points, eight for CHAN and six for CBUT, with CHEK unchanged. "Speculation as to why this viewing pattern emerges can cover many possible explanations," the president of British Columbia Television wrote in his brief.

> Programming might be examined, but one quickly realizes that the better programs offered by the U.S. stations are also offered by either the CBC or CTV network stations Canada on a pre-lease schedule. Our view is that it is a simple case of audience fragmentation caused by a larger selection of channels available,

Mr. Peters contended.

While the clear implication of his submission was that cable had adversely affected British Columbia Television, Mr. Peters acknowledged that in major market areas such as Vancouver and Victoria "The effect of pronounced audience fragmentation has been absorbed – it has not been a crippling blow at this point in time."

Mr. Peters did not explain to the commission how the company had been able to absorb the impact of cable television. But he warned that the use of microwave to make possible the extended importation of American stations and the extension of the alternative Canadian television service were "mutually incompatible." It should be noted that such problems as British Columbia Television may face from U.S. competition are rather different than those confronting other Canadian stations, such as those in Toronto. While some Canadian advertising dollars are spent on the Buffalo stations by Canadian companies for messages directed primarily at Canadian audiences and some Canadian and American companies undoubtedly depend on advertising over Buffalo stations to serve their markets on both sides of the border, the total dollar amount is probably not excessively high.

In British Columbia, however, the Vancouver and Victoria stations face direct competition for Canadian advertising dollars from an American station just south of the border that is not required to observe the rules laid down in Canada. It is not required to provide Canadian-content programming, which often drives Canadian viewers away unless it is a popular sports event. It may accept beer and wine commercials, which are prohibited under British Columbia law, and it does not face the same strictures on advertising of foods and drugs. It may also carry a considerably higher proportion of advertising content, although perhaps at the expense of viewing audience.

The table below, based on the D.B.S. report on radio and television broadcasting for 1967 and on household television sets, indicates that the amount of advertising revenue received by private television stations per television household is substantially lower in British Columbia than other parts of Canada.

Table 130. D.B.S. Report on Broadcasting and Television Sets.

Area	Number of Television Homes (000's)	Total Privately Owned Television Broadcasting Revenue	Average Annual Privately Owned Television Broadcasting Revenue per TV Home
B. C.	538	$ 4,805,738	$ 8.93
Alta.	377	7,532,926	19.98
Man. & Sask. .	480	8,017,881	16.70
Ont.	1,917	36,532,112	19.06
Que.	1,408	22,120,812	15.71
Atlantic Area .	413	5,881,481	14.24
TOTAL	5,135	84,890,950	16.53

The per household revenue of the private stations in British Columbia is only slightly more than half the national average and much less than received in the other wealthy provinces of Ontario and Alberta.

It is persuasively argued that this sharp differential is explained by the fact that the revenue drained off from the province by KVOS-TV is excluded from the D.B.S. figures. It has been estimated that if the advertising revenue of private stations per household were calculated on the basis of the national average, British Columbia's total would be some $4 million higher and if based on the Alberta average, it would be nearly $6 million higher.

It has been suggested that, in fact, close to $6 million represents the actual amount of advertising revenue obtained by KVOS-TV in Bellingham. This assumption is open to question. Given the fact that both the reach and the number of viewing hours of KVOS are only moderately higher than that of CHAN-TV (according to the B.B.M. survey for November, 1968) it seems to be a long leap to the conclusion that the advertising revenue of KVOS alone is equal to or greater than the revenue of all the private stations in the province combined.

In its brief, Microwave Cablevision Ltd. of Calgary contended that Alberta television stations might face the same problem of direct advertising competition from the three television stations in Spokane, Washington, if they developed substantial Canadian audiences through their importation by cable. Of various alternatives discussed to avoid this possibility, the company favoured an amendment to the Income Tax Act to make Canadian advertising on American stations a non-deductible expense for tax purposes, as it is now for American publications. This course has been advocated by a number of broadcasters and appears to deserve

consideration as a means of providing a degree of protection for Canadian stations faced with direct competition for advertising revenue from American stations, without having a significantly adverse effect on Canadian viewers.

As one Canadian broadcasting executive has pointed out, however, this may provide only a "50 per cent answer" to the problem. He estimated that in the case of KVOS-TV, about half of the advertising carried on the station was by companies that could readily switch payment to an American entity and continue to claim the full deduction from American income tax.

THE EXPERIENCE OF LONDON, ONTARIO

In trying to assess the impact of cable television on broadcasting, London, Ontario is Exhibit A. Two cable systems have been operating in the city since 1952, longer than any other community in Canada. Exactly 37.4 per cent of all the households reached by CFPL-TV, the only station in London, are served by cable, according to the report submitted to the Special Senate Committee on Mass Media by the broadcasting company. In Middlesex County, which embraces London, 87.1 per cent of the households are receiving cable television. According to the CBC estimate, 71.5 per cent of London viewers watched some television via cable during the March survey period of the B.B.M., the highest proportion of any city in Canada.

Cable systems operate in ten out of the eleven counties reached by CFPT-TV. The station itself was instrumental in starting one of the systems, that in Chatham, in order to extend its reach. Of the two systems operating in Middlesex County, London TV Cable Service – the largest, with 34,988 subscribers – brings in seven American stations, CHCH-TV in Hamilton, CKCO-TV in Kitchener, the local station, CFPL-TV, and five FM radio stations.

The smaller system, recently taken over by Maclean-Hunter, has 11,000 subscribers and brings in eight American stations, the same three Canadian stations and four FM stations.

London became an early market for cable because many of the homes in the city were located in a valley and could not receive American stations that would normally be available by off-the-air pickup because of their proximity to the area.

From all the available evidence, there is little room to doubt that the widespread installation of cable has had a marked effect in restricting the audience that otherwise almost certainly would have been attracted by CFPL-TV.

The following table, prepared on behalf of the station, shows an almost steady decline in the number of households (as opposed to individuals) tuned to CFPL-TV on average throughout the prime nighttime period during the fall from 1961 to 1967 and in January, 1968.

Table 131. Average Homes Viewing in Prime Time (CFPL-TV, London), 1961 – 1969

Fall, 1961	7 – 10 P.M.	55,100
Fall, 1962	7 – 10 P.M.	51,800
Fall, 1963	7 – 10 P.M.	49,700
Fall, 1964	8 – 10 P.M.	51,600
Fall, 1965	8 – 10 P.M.	49,600
Fall, 1966	7 – 10 P.M.	47,100
Fall, 1967	7 – 10 P.M.	46,200
January, 1968	7 – 11 P.M.	47,800

Table 132 provides a rather startling insight into the effect of cable in diverting audience viewing from the local station to other channels. The figures under each column marked (00) indicate the number of people in hundreds included in the survey sample. The percentage figure indicates the proportion of the sample tuned to each station on average during each quarter-hour during the designated time period according to whether they viewed television by off-the-air pickup or via either the London or Community cable systems.

In all cases, the proportion of the audience viewing CFPL-TV off-the-air is substantially higher than that by cable. It should be noted that the proportion of cable viewers subscribing to the community (now Maclean-Hunter) cable system who watch CFPL is significantly lower than in the case of the London cable system. In the view of the station management, this discrepancy is explained by the fact that the quality of the CFPL-TV signal has been inferior to that of the London company, which for seven years has received transmissions from the stations directly by cable. (London TV Cable Service Ltd. also has its head-end receivers for other stations erected on CFPL's transmitting tower. The broadcasting company agreed to this arrangement on the theory that since the antennae were going to be erected somewhere, it was better to accept installation on their own tower in exchange for a direct feed from CFPL to the cable system, thus ensuring transmission of the highest quality signal possible.)

It is estimated by the Bureau of Broadcast Measurement that the amount of viewing hours devoted to the main Canadian stations received in the London area – CFPL-TV and CKCO-TV in Kitchener – declined from 66.6 per cent of the total in March, 1967, to 63.9 per cent in February, 1968, and to 62.9 per cent by March of 1969.

A study of the impact of cable in terms of the audience reach and proportion of viewing hours for each station received in London was prepared by the Committee's research staff. Included in the study was a projection of the total number of viewing hours that might be expected to be devoted to each station by the London audience if there was no such thing as cable television.

Table 132. Station Shares of Viewing, Metro London (Average Quarter-Hour Audience)

	MEN						WOMEN						ADULTS					
			Cable Systems						Cable Systems						Cable Systems			
	Non-CATV		London		Community		Non-CATV		London		Community		Non-CATV		London		Community	
	(00)	(%)	(00)	(%)	(00)	(%)	(00)	(%)	(00)	(%)	(00)	(%)	(00)	(%)	(00)	(%)	(00)	(%)
MON-FRI NOON – 6:00 p.m.																		
CFPL	12	80	3	30	3	22	4	80	14	32	16	23	16	80	17	31	19	23
CKCO	2	13	–	–	1	7	1	20	2	5	1	1	3	15	2	4	2	2
WICU (IND)	–	–	2	20	4	29	–	–	11	26	8	12	–	–	13	24	12	14
WXYZ (ABC)	–	–	1	10	–	–	–	–	1	2	18	26	–	–	2	4	19	23
WEWS (ABC)	–	–	1	10	1	7	–	–	3	7	2	3	–	–	5	9	2	2
WJBK (CBS)	1	7	–	–	–	–	–	–	3	7	10	15	1	5	3	6	10	12
WKYC (NBC)	–	–	1	10	1	7	–	–	5	12	–	–	–	–	6	11	1	1
WJW (CBS)	–	–	2	20	2	14	–	–	1	2	1	1	–	–	3	6	3	4
WSEE (CBS)	–	–	–	–	1	7	–	–	2	5	–	–	–	–	2	4	2	2
CHCH	–	–	–	–	1	7	–	–	–	–	9	13	–	–	–	–	10	12
WWJ (NBC)	–	–	–	–	–	–	–	–	1	2	4	6	–	–	1	1	4	5
TOTAL	15	100	10	100	14	100	5	100	43	100	69	100	20	100	54	100	84	100
MON-SUN 6:00 p.m. – 11:30 p.m.																		
CFPL	49	82	35	44	22	41	51	89	47	42	32	29	100	85	83	43	54	34
CKCO	10	17	8	10	8	15	6	11	18	16	5	5	16	14	26	13	13	8
WICU (IND)	–	–	10	13	6	11	–	–	9	8	4	4	–	–	19	10	10	6
WXYZ (ABC)	1	1	7	9	5	9	–	–	5	4	10	9	1	1	12	6	15	9
WEWS (ABC)	–	–	2	3	1	2	–	–	10	9	13	12	–	–	12	6	14	9
WJBK (CBS)	–	–	5	6	2	4	–	–	6	5	8	7	–	–	11	6	10	6
WKYC (NBC)	–	–	3	4	1	2	–	–	7	6	3	3	–	–	10	6	4	2
WJW (CBS)	–	–	4	5	2	4	–	–	1	1	7	6	–	–	5	3	9	6
WSEE (CBS)	–	–	4	5	2	4	–	–	9	8	–	–	–	–	13	7	2	1
CHCH	–	–	–	–	2	4	–	–	1	1	10	9	–	–	1	–	11	7
WWJ (NBC)	–	–	1	1	2	4	–	–	–	–	17	16	–	–	1	–	19	12
TOTAL	60	100	79	100	53	100	57	100	113	100	109	100	117	100	193	100	161	100

Note: The figures under each column marked (00) indicate the number of people in hundreds included in the sample survey. The percentage figure indicates the proportion of the sample tuned to each station during each quarter hour during the designated time period according to whether they viewed television by off-the-air pickup or via either the London or Community cable systems.

Source: March 1969 Survey, BBM BUREAU OF MEASUREMENT.

As part of our own inquiry, we took a similar approach in an effort to determine the impact of cable on two stations – CFPL-TV in London and CHCH-TV in Hamilton – in each of the counties which they reach.

Based on this approach, the figures indicate that in every county CFPL-TV could expect to gain viewing hours, in some cases very substantially. In a number of counties, CHCH-TV would lose viewing hours if there were no cable, which means, conversely, that it has gained an advantage from cable in those counties.

In all, the number of viewing hours devoted to CFPL-TV would increase by 1,803,563 hours to 10,573,863, an increase of 20.6 per cent. In the case of CHCH-TV, however, the projection indicates that after weighing losses against gains, the number of viewing hours would increase by only 470,208, to a total of 21,630,294, a rise of 2.2 per cent.

Given heavy impact on audiences over an extended period of time, the question that arises is what effect this has had on the rates, revenues, and profits of the station. There appears to be little room for doubt that in the absence of cable, CFPL-TV would obtain a significantly higher total of viewing hours, more advertising revenue and higher profits. On the other hand, there is also a strong likelihood that in the absence of cable, CFPL-TV would have found itself confronted by direct competition for audiences and advertising dollars from a second Canadian television station. Just such a development has taken place in other centres with a similar potential audience. From a financial point of view, therefore, the present London station might be no better off under these circumstances and, in fact, might well be worse off.

It has been suggested that the erosion of audiences for CFPL-TV resulting from cable has had the effect of increasing significantly the cost of advertising over the station in terms of viewers reached. The advertising rate per 1,000 viewers for London, based on the B.B.M. daily nighttime circulation for November and the sixty-second advertising rate in effect at the time amounted to seventy-one cents. This rate does not appear to be out-of-line with other private stations of similar size and, if anything, is rather low. The rate per thousand for the Vancouver station, for example, was sixty-nine cents, for Edmonton seventy-five cents, for Winnipeg ninety-one cents, and for Ottawa eighty-six cents.

While the management of CFPL-TV can foresee the possibility that its profit position may begin to face a squeeze as a result of revenues hitting a plateau and costs continuing to rise, it is frank to admit that it has no cause for complaint about its present financial position – even if it finds cause for concern about the future. "We are not crying; we are doing very well," one official acknowledged.

Unquestionably, however, both the present and the future would be less bright if CFPL-TV were confronted by competition not only from cable, but from another Canadian station operating in its own backyard. The fact that London viewers do not have the benefit of a second local station probably has to be counted as one of the costs of the cable television invasion of the area.

THE DEMAND FOR PROTECTION

A number of proposals have been advanced to provide a degree of protection for Canadian television broadcasters against the reputed ill-effects of cable systems.

One of the most extreme positions was taken by British Columbia Television, which argued strongly against allowing any extension of cable television by microwave at the present time.

Both the CBC and the Canadian Association of Broadcasters agreed in their submissions to the C.R.T.C. that it would be desirable to hold the line on any further development of cable systems through the unrestricted use of microwave relays. "Until the future path of CATV development clarifies, and until everything possible has been done to reach a concensus among broadcasters, CATV and the Commission on the probable effect of CATV on broadcasting and the public, the Corporation urges the commission to carefully control any CATV-microwave development," the CBC brief asserted.

While the C.A.B. urged a similar policy, it was not content to await the outcome of a study to propose the imposition of a series of restrictions on future cable development. Among other things, it urged that cable systems be limited to carrying no more than six television channels and be required to black out any programme originating from an out-of-town station if it was to be carried within twenty-four hours by the local one.

The CTV Television Network pressed the C.R.T.C. to prohibit cable systems from importing distant signals not normally received in an area

> unless, where expanded service through importation of foreign signals may be in the public interest, the existing licensee should be given priority consideration respecting prospective ownership in such CATV systems, thereby ameliorating to some extent the consequent direct economic damage by the benefits which may be derived from operating such CATV systems. Thus, the programming commitment will be able to be maintained and expanded.

A similar argument, it might be noted, could also have been advanced by newspaper and radio station owners at the time television made its entry into the field of communications media and for a number of years seriously restricted their continued growth.

On the basis of actual experience to date, the case has certainly not been proved that cable television has imposed an undue hardship on Canadian television stations generally. One broadcaster with whom we held discussions privately confided: "I'm not crying, mind you; we are doing very well," echoing virtually word-for-word the sentiment of the management of CFPL-TV in London. Unlike the London management, however, this broadcaster has been among the most publicly outspoken opponents of any extension of cable television by microwave relay and has urged the C.R.T.C. to reach decisions on this important question of national policy based in part on the experience of his own operation. His representations, however, did not include an acknowledgment of the operation's continued healthy profits.

It is quite conceivable that the economic position of television broadcasters could be seriously affected, at least in some markets, by the extensive development of programming by cable systems and the introduction of their own commercials.

In the United States, the F.C.C. on October 24, 1969, decreed that all systems with more than 3,500 subscribers must originate some programming of their own by the beginning of 1971 and has ruled that they may carry commercials during natural breaks in such programs. The commission accepted the contention of cable

operators that the right to carry commercials was essential to cover programming costs.

In Canada, the C.R.T.C. has actively encouraged cable systems to develop their own programming. While the commission has suggested this should complement, rather than compete with the programming of broadcasting stations, it is obviously difficult – if not impossible – to lay down any hard-and-fast lines. For the present, the commission has prohibited cable systems from carrying their own commercials. But this policy is obviously always subject to change. Furthermore, as suggested earlier, there is also a reasonable possibility that the C.R.T.C.'s jurisdiction over the programming of cable systems, including commercials, could be successfully challenged in the courts.

However and whenever it comes about, extensive programming and advertising by cable systems could present new problems in providing for some degree of orderly transition to radically new technologies.

CABLE TELEVISION AND THE FUTURE

Even if it is assumed that cable television will in time have a seriously adverse impact on television broadcasters, the question that remains is whether Canadian stations should be granted protection and, if so, to what degree and for what period. Even if they want to, for how long can public authorities stand against the public's demand for the benefits of a new technology, no matter what the consequences for established corporate interests? "Burgeoning CATV and cable systems are already making it quite clear that the customers are looking for maximum station-program choice and good signal quality," Eugene S. Hallman, Vice-President and General Manager of the C.B.C.'s English broadcasting network told the Association of Canadian Advertisers in Toronto in May, 1969. "Television is, of course, more than a delivery system of receivers and station networks and satellites, collecting and distributing services," he continued.

> But the economics of television is so closely related to the profitability of the delivery system that technological change of a significant character, for example, direct home satellite reception or massive cable multiplication or EVR availability could affect television profoundly. We in television are in for a big shake-up.

Mr. Hallman suggested that during the coming decade, today's great broadcasting networks might well become obsolete. His prediction was reinforced by Stuart Griffiths, President of Bushnell Communications, who was reported in the October, 1969, issue of *Broadcaster Magazine* to have maintained that a national cable television network would be established in Canada within the next ten years. Within that period he forecast that the CBC and CTV networks would disappear, along with a number of private stations "and we will have a new beast."

Apparently acting on this premise, Bushnell Communications is understood to have acquired interests in a large number of cable television systems, in addition to buying the Canadian Marconi broadcasting stations in Montreal and all the broadcasting properties owned jointly or separately by the Davies and Thomson families, subject to C.R.T.C. approval, in North Bay, Kingston, Peterborough, Timmins, and Kirkland Lake.

In its own submission to the C.R.T.C., the CBC envisaged the possibility that cable television might well revolutionize the present broadcast delivery system, the method of broadcast financing and programming itself. R.C. Fraser, the CBC's Vice-President for Corporate Affairs, raised the possibility that private broadcasters might close down their transmitters and rely on cable for transmission of their programming if some 80 per cent of the homes in their receiving area became wired. Advertising, he suggested, might be reduced or eliminated completely if the public was prepared to pay up to $100 a year for program service. Present television stations might become only originators of programming, which they sold to cable systems for distribution, the latter covering their costs through direct payments or commercials of their own.

The potential future of cable television as a means of shopping, banking, obtaining selective programming, information retrieval and a myriad of other purposes have become subjects of common speculation among broadcasters in recent years. Much of this speculation has revolved around the possible introduction of cable systems with many times the present capacity. While twelve channels is the usual limit, some systems have already been built with twenty channels and systems with forty or more channels are in the advanced stage of experimentation.

It is equally conceivable, however, that the system of the future will consist not of an infinite number of channels in a coaxial cable, but only a single channel with a capacity for infinite choice. Such a system would be based on the same approach as the telephone, which through a single wire to an exchange permits the user to direct a call to the four corners of the earth. Through the use of a single cable and a dial, this "program exchange" system would permit the user to link his television set with an endless number of channels serving an endless number of purposes.

The development of such a system within the foreseeable future appears to be well within the limits of reality. The necessary equipment has already been developed and employed experimentally. Some authorities have estimated that with as many as 5,000 subscribers a programme exchange system providing access to some eighteen channels would be economically feasible if the necessary regulating provisions – including permission to carry commercials and impose special charges for special services – were made.

While the future, as always, remains unclear, one thing that seems certain is that neither vested private interests nor governments are likely to be successful for long in keeping it waiting.

Chapter 3:

CBC RESEARCH REPORT: EXTENT OF USE OF CABLE TV IN CANADA

See earlier report: A Measure of the Impact of Cable TV in Canada (TV/68/43) which described the audience situation in November 1967. The present situation, as of March 1969, is summarized below. The attached tables provide the detailed statistics. The source of audience data on which this analysis is based is again the BBM Bureau of Measurement national survey, in this case the survey for March 1969:

* Throughout the country as a whole, in an average week, about 3.1 million people watched some television via cable TV. This is approximately 15.3 per cent of the total Canadian population aged 2 years and over, or about 15.9 per cent of those who watched any television, by cable or by direct means, in an average week in mid-March.

* This 3.1 million represents about a 59 per cent increase over the number of people using cable TV in an average week 16 months earlier, in November 1967. That is, over these 16 months, the extent of usage of cable TV facilities has grown at an average rate of between 3 1/2 and 4 per cent per month nationally.

* This analysis of March 1969 data confirms the findings of the earlier study that those who watch television via cable tend to spend only very slightly more time viewing than those who do not have cable. Throughout the country as a whole, in March 1969, the per capita difference amounted to no more than an average 6 minutes per week: the average cable TV user spent 23 hours 36 minutes a week watching television, the average non-cable TV user 23 hours 30 minutes.

* As in November 1967, the greatest numbers of cable TV subscribers in March 1969 were located in the two most heavily-populated provinces, Ontario and Quebec. With a growth rate of about 67 per cent in cable TV usage over the 16 months November 1967 to March 1969, British Columbia continues, however, to be proportionately the most heavily saturated province with just under 38 per cent of its population watching television via cable in an average week, to Ontario's 18 per cent and Quebec's 15 per cent.

* As noted in the report on the November 1967 situation, while there are in general more cable TV sets per capita in the major population centres than elsewhere in the country, the expansion of cable TV in Canada is by no means confined to the big cities. The main factors contributing to the growth of cable continue to be the amount and variety of available on-air television, the proximity of on-air signals that can be "taped" by cable (particularly the signals of American stations along the U.S. border) and of course the commercial acumen of the local cable TV operator.

* Below are shown the 12 centres of population with the greatest numbers of cable TV users in an average week (in each case over 40,000), also the 12 centres with the highest proportions of cable TV users – i.e. per head of population. These figures update to March 1969 the figures given on page 3 of the earlier report. The fact that, in two of these cities, cable usage has now reached the 70 per cent level, and that in four other centres it is between 60 and 70 per cent suggests that, given the present favorable conditions for expansion, viewing via cable is well on its way to becoming the more 'normal' means of watching television throughout large areas of urban Canada, with direct on-air viewing tending to become the minority practice.

In An Average Week in March, 1969

Numbers of persons watching any TV via cable		Percentages of persons watching any TV via cable	
Vancouver	398,500	London	71.5
Montreal	343,700	Victoria	70.0
Toronto	307,600	Shawinigan	67.8
Ottawa-Hull	171,200	Trois Rivieres	65.1
London	146,800	Fort William – Port Arthur	65.1
Victoria	120,700	Sherbrooke	62.5
Hamilton	90,900	Peterborough	59.6
Kitchener	73,700	Guelph	58.8
Trois Rivieres	59,900	Belleville	47.5
Fort William-Port Arthur	58,800	Vancouver	47.4
Sherbrooke	49,200	Ottawa-Hull	37.7
Shawinigan	40,800	Kitchener	34.3

For similar information on other major urban centres, see Table 3.

*Source: CBC Research Report, TV/69/56

Table A. Number of Persons Using On-air Television, Cable Television and No Television in an Average 7-day Week, March, 1969, by Province

	Used On-Air TV	Used Cable TV	Used No TV	Total* (Aged 2 plus)
CANADA	16,381,710	3,095,900	701,990	20,179,600
Newfoundland	428,860	1,000	54,240	484,100
Prince Edward Island	101,120	–	5,080	106,200
Nova Scotia	699,870	5,000	29,530	734,400
New Brunswick	540,350	45,800	15,550	601,700
Quebec	4,758,980	890,300	131,220	5,780,500
Ontario	5,637,870	1,293,000	211,430	7,142,300
Manitoba	844,550	46,200	51,150	941,900
Saskatchewan	872,510	22,300	33,190	928,000
Alberta	1,367,530	46,100	70,570	1,484,200
British Columbia	1,130,070	746,200	100,030	1,976,300

*Excluding the Yukon and N.W. Territories. It is to be noted also that BBM's base for audience measurement is now the population aged 2 years and over. At the time of our November 1967 analysis the base included persons under the age of two.

Table B. Proportions of Persons Using On-Air Television, Cable Television, and No Television in an Average 7-day Week; March, 1969, by Province

	Used On-Air TV	Used Cable TV	Used No TV	Total*	Number of Cable TV Users Expressed as Percentage of All TV Users
CANADA	81.2	15.3	3.5	100	15.9
Newfoundland	88.6	0.2	11.2	100	0.2
Prince Edward Island	95.2	–	4.8	100	–
Nova Scotia	95.3	0.7	4.0	100	0.7
New Brunswick	89.8	7.6	2.6	100	7.8
Quebec	82.3	15.4	2.3	100	15.8
Ontario	78.9	18.1	3.0	100	18.7
Manitoba	89.7	4.9	5.4	100	5.2
Saskatchewan	94.0	2.4	3.6	100	2.5
Alberta	92.1	3.1	4.8	100	3.3
British Columbia	57.2	37.8	5.0	100	39.8

*See footnote to Table 1.

Table C. Number and Proportion of Persons Watching Cable Television in an Average 7-day Week in Each of 46 Major Urban Centres with Age 2-plus Populations of Over 32,000, March, 1969

Area	Population[1] (Aged 2 plus)	Persons Using Cable TV: Number	Persons Using Cable TV: Per Cent of Population (Aged 2 plus)
CANADA	20,179,600	3,095,900	15.3
Newfoundland			
St. John's	100,990	–	–
Nova Scotia			
Sydney-Glace Bay	101,770	–	–
Halifax	195,280	–	–
New Brunswick			
Moncton	59,580	–	–
Saint John	99,940	–	–
Quebec			
Chicoutimi-Jonquière	106,710	–	–
Quebec	420,320	27,600	6.6
Sherbrooke	80,190	49,200	61.4
Granby City	34,270	No information	
Drummondville	42,780	–	–
St. Jean	42,570	–	–
Montreal	2,476,300	343,700	13.9
Trois Rivières	93,790	59,900	63.9
Shawinigan	63,040	40,800	64.7
Ontario			
Cornwall	45,430	No information	
Ottawa-Hull	511,680	171,200	33.5
Kingston	74,010	–	–
Belleville	32,970	14,800	44.9
Peterborough	56,850	32,900	57.9
Oshawa	107,340	15,000	14.0
Toronto	2,278,930	307,600	13.5

*See footnote to Table A.

Area	Population (Aged 2 plus)	Persons Using Cable TV: Number	Per Cent of Population (Aged 2 plus)
Ontario (cont'd)			
Brampton	57,420	13,900	24.2
Hamilton	464,740	90,900	19.6
St. Catharines	113,710	4,800	4.2
Niagara Falls	61,200	–	–
Welland	60,150	–	–
Brantford	63,250	18,600	29.4
Kitchener	206,410	73,700	35.7
Guelph	53,740	28,300	52.7
London	215,590	146,800	68.1
Sarnia	67,590	11,900	17.6
Chatham	32,620	6,900	21.2
Windsor	214,760	–	–
Sudbury	115,810	–	–
Timmins	38,170	700	1.8
Sault Ste. Marie	77,030	16,800	21.8
Ft.William-Pt.Arthur	98,390	58,800	59.8
Manitoba			
Winnipeg	501,730	30,200	6.0
Saskatchewan			
Regina	130,580	–	–
Moose Jaw	32,060	–	–
Saskatoon	116,380	–	–
Alberta			
Lethbridge	35,880	6,900	19.2
Calgary	347,950	–	–
Edmonton	422,370	–	–
British Columbia			
Vancouver	935,350	398,500	42.6
Victoria	181,920	120,700	66.3

Chapter 4:

ECONOMIC REALITIES OF CABLE IN 1970*

INTRODUCTION

The first North American cable system was installed in 1949 in Oregon. It was followed soon after by a system in Lansford, Pennsylvania. Both cable operations were necessary to facilitate clear reception of television signals distorted or blocked by land anomalies.

In 1952, two cable systems were begun in London, Ontario, for the purpose of transmitting American television channels previously unattainable. Quickly the commercial value of cable was recognized. It offered clear reception of distant signals, particularly necessary with the birth of colour television, and a means of clearing obstacles which blocked the passage of broadcast signals. By 1970 Canada, with approximately 400 operating systems, had more cable systems per capita than any other country in the world.

From its inception, cable television came under the licensing authority of a federal government regulatory body. Initially, it was the Department of Transport, under the Radio Act of Canada. These regulations were confined to technical matters, such as antenna height and site and radiation characteristics of the cable. They prohibited the use of more than one microwave relay connection to extend the possible reception distance of a cable system.

By the 1968 Broadcasting Act, authority was given to the C.R.T.C. to establish a number of other policies which affect or could potentially affect the operations of cable. The key aspects of these regulations are:

1. a priority list of channels to be carried, which proposes a limitation to one commercial and one non-commercial American channel, except at the discretion of the Commission. (Proposed.)
2. a blackout of American programmes appearing simultaneously with, or one week before or after, the same programme on a Canadian channel. (Proposed.)
3. encouragement to cable operators to produce local programmes of particular interest to the area which they serve and to assist in the development of educational programming. (Approved.)
4. refusal to permit advertising on local programme channels, meaning their source of revenue should be monthly subscriptions to the system. (Approved.)

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*Prepared by research staff of the Special Senate Committee on Mass Media

5. licensing of only one operator per license area, preventing competition for potential subscribers. (Approved.)

The components of a cable system – head end receiver, coaxial cable, amplifiers and drop wires – may be owned by the cable operator or rented, in part or in whole, from a common carrier or public utility. If a microwave system is required to transmit signals to the head end, the microwave equipment is owned by the common carrier. The rental charges for poles on which to hang the coaxial cable and for rental of other equipment from the common carrier or public utility have been a matter of considerable public discussion. It has been claimed that the rental charges are excessive. Whether rented or owned, the cost outlay on equipment may be written off as a business expense in the form of rent or depreciation.

The cable systems of the future are capable of more than transmitting broadcast signals or producing local programmes. The concept of the wired city includes plans for data retrieval systems, facsimile in-home print-out, computerized programme requests, and in-home shopping. The technical equipment necessary for these developments is currently feasible in theory. In time they will become economically feasible. Both common carriers and cable operators have given thought to expanding into these new fields. It has not yet been resolved with whom this responsibility will lie.

CURRENT SUBSCRIPTION

The rapid expansion of cable systems throughout Canada defies accurate maintenance of records regarding the number of cable subscribers. Further, the records of the C.R.T.C. and D.B.S. do not correspond since the two organizations define cable operations differently. To the C.R.T.C., a cable operation is a "broadcast receiving undertaking" which distributes audio-video programming via wired systems to subscribers. The D.B.S. definition includes those systems as defined by the C.R.T.C., but also includes closed-circuit television systems which receive no off-the-air signals and hence do not come under C.R.T.C. regulations; a few systems licensed by the Department of Transport not yet relicensed by the C.R.T.C., and some master antenna television systems.

Table 133. C.R.T.C. Data on Cablevision Companies and Subscribers

	D.B.S. Annual Report			C.R.T.C. Annual Report and Records
	1967	1968	1969	1969
Number of Systems	314	377	400	307
Number of households subscribing	409,000	555,000	723,000	783,000
Commercial and bulk contracts – Number of outlets	108,000	155,000	201,000	244,000
Number of potential subscribers in cabled areas	1,225,000	1,607,000	1,700,000	2,495,000

The D.B.S. figures are provided below since all the financial data used are based on D.B.S. definitions of system size. Also a consistant base must be used for an adequate appraisal of the growth of the cable industry. Individual subscriptions increased by 36 per cent from 1967 to 1968 and by a further 30 per cent from 1968 to 1969. The C.R.T.C. data on systems and subscriptions provide a more accurate assessment of the size of the cable industry by its more common definition. By December, 1969, there were 307 cable systems licensed in Canada which had 783,000 individual subscribers and 244,000 bulk contracts, of a total potential of approximately 2.5 million subscribers.

REVENUE

SOURCES OF REVENUE

Unlike radio and television, cable operations do not derive their revenue from advertising. Programmes carried on cable, with the exception of local programming produced by the cable operator, do include commercials but the revenue for such advertising is received by the television broadcaster who transmits the air signal.

To date, the C.R.T.C. has forbidden cable operators to sell advertising time in the programmes which they produce or transmit over the local cable channel. Nor would it appear that this ban is likely to be lifted in Canada in the near future, although the Federal Communications Commission has allowed advertising in programmes produced by cable operators in the United States.

The majority of revenue for the cable system is provided by installation and monthly rate charges. Typically, an individual householder pays a $10 installation charge and a $5 monthly subscription fee. Multi-unit contracts with apartment buildings, hospitals, etc. are worked out between the individual cable operator and bulk contractor. On a per-unit basis, bulk contracts yield somewhat less revenue than individual households, but the operational expenses to the cable operators are obviously less under these circumstances.

The C.R.T.C. decision to grant a license to David R. Graham, President of Cablecasting Ltd. in Calgary, approved a second source of revenue. In this area, subscribers will be charged an additional $.50 per month, the total of which is to be devoted to the development of local programming. Further, it was recommended by Mr. Graham that the other Calgary system and two Edmonton systems also adopt this plan and that a certain amount of programme exchange and combined production be allowed. It is estimated that the four systems combined will have approximately 200,000 subscribers within two to three years. This would yield an annual programming budget of $1,200,000. To date no other license applicants have requested this additional rate charge nor have any current licensees sought permission from the C.R.T.C. to increase their rates for this purpose. However, it would appear to be an acceptable and lucrative second source of revenue.

FACTORS AFFECTING REVENUE

Obviously the amount of revenue derived from a system is directly related to the number of subscribers to that system. In assigning licenses, the C.R.T.C. is responsible for designating the boundaries of the license area and hence the potential size of the system. The boundaries are usually governed by availability of territory where population is sufficiently dense to permit a reasonable chance of appropriate return on investment. However, there are a number of instances where geographic anomalies necessitate cable transmission if television reception is to occur but where the potential subscription to the system is so small that the chances of profitability and reclaiming capital investment are slim. The C.R.T.C. has declined to license more than one operator per area, and hence each operator has a monopoly within the licensed boundaries.

Revenue per mile of a system can be expected to vary according to the density of the population. Fast-growth areas are obviously more attractive propositions than slow-growth areas. Areas developing high-rise apartments tend to increase revenue for three reasons: the number of household units per acre is considerably increased; high rise buildings tend to distort air waves and hence create the need for cable to ensure clear reception; and many apartment building owners subscribe to cable, using it as an incentive to attract tenants thereby expanding revenue for the cable operator with relatively low sale cost per unit subscriber.

It has already been stated that geographic anomalies or solid heights such as high-rise apartments or skyscrapers can necessitate cable for clear reception. Colour television requires a stronger signal for clear reception than does black-and-white television. Colour television signals usually can be picked up off-the-air sufficiently strong for approximately thirty-five miles from the point of transmission. Black and white signals can be transmitted 50 to 100 miles satisfactorily. Hence an area with a considerable number of colour television sets – usually upper-income areas and areas with high-rise apartments – tends to be more lucrative. The growth of sales of colour television sets is expanding rapidly. In 1968, 10 per cent of Canadian homes had colour television. By 1971, it is estimated 23 per cent of Canadian homes will have colour sets.

The reasons people subscribe to cable – other than the need for better-quality reception – are difficult to determine. Undoubtedly increased selection of channels, particularly American channels, is taken to be a considerable advantage. So too reception of FM radio may be an incentive. According to a media usage survey conducted for the Committee by Canadian Facts Co. Ltd. in the fall of 1969, 60 per cent of Canadian households had AM-FM radios, although not all these owners may be in a position to pick up clear FM signals off-the-air.

This same survey gives some insight into the most probable householders to subscribe to cable. In total, 20 per cent of Canadian households claimed to have cable reception in their homes. Households in British Columbia and Ontario are more likely to subscribe to cable (in part at least reflecting cable availability in these provinces). The likelihood of cable subscription increases in higher-income-level groups and among homes where the chief wage earner is a professional, executive, manager, or salesman.

Table 134. Subscribing Households by Region, Annual Income and Occupation

	Percent of Households Subscribing to Cable
	%
Total Canada	20
Region	
Maritimes	12
Quebec	17
Ontario	24
Prairies	7
British Columbia	41
Annual Income	
Less than $4,000	17
$4,000 – $6,999	16
$7,000 – $9,000	24
$10,000 and over	37
Employment	
Manager, Professional, Executive, Salesman	26
Skilled Worker	17
Unskilled Worker, Farmer	2
Other	22

The Canadian Facts survey was conducted prior to the release of the C.R.T.C. cable guidelines. Based on receiving multiple channels, including more than one American, and clear reception, seven in ten subscribers claimed cable was an excellent or good value. Two-thirds stated it was a major improvement over off-the-air reception.

ANNUAL REVENUE

By 1969, cable had become more than a $37 million industry. Just over $33 million of this revenue derived from the monthly service charges to individual and bulk subscribers. This was an increase of 19.5 per cent over 1968. The increase between 1967 and 1968 had been 41 per cent.

Table 135. Revenue of Community Antenna Television Systems

	Total Annual Revenue	Revenue Derived from Installations	Revenue Derived from Monthly Service Charges	% increase in total revenue over previous year
	$	$	$	%
1967	22,115,000	2,031,000	19,093,000	
1968	31,286,000	2,444,000	27,917,000	+41
1969	37,380,000	2,870,000	33,440,000	19.5

Source: D.B.S. Annual Reports: Community Antenna Television Systems.

EFFECT ON REVENUE OF PROPOSED CABLE REGULATIONS

The Canadian Cable Television Association retained Woods, Gordon and Company to conduct a consumer survey concerning the effect of the C.R.T.C. proposed cable regulations. The survey included cable and non-cable subscribers in Toronto, Montreal, and Ottawa. The study was conducted by mail. The low number of responses, particularly from Montreal, suggests the study should be interpreted with some degree of caution, but it probably approximates consumer reaction. The response rate is thought to be low because of the mail strike at the time it was conducted, rather than a low interest in the subject.

The study indicated that 11 per cent to 27 per cent of subscribers, depending on the city, would "definitely cancel" should the blackout regulation be imposed. If one of the American channels was dropped, in accordance with the proposed station priorities, 16 per cent to 30 per cent claimed they would "definitely cancel" their subscriptions. An additional 20 per cent (approximate) suggested they could "seriously consider cancelling" if either regulation were implemented.

Current non-subscribers were also critical of the blackout proposal. About 20 per cent stated they "would definitely not subscribe" should it be adopted. A further 50 per cent said they would be "less likely to subscribe."

The results of the study suggest then that at least 20 per cent of current subscribers and perhaps as many as one-third would cancel their subscriptions. They also indicate that non-cable householders would be less likely to subscribe. Probably about one in five who might subscribe without the blackout ruling would refuse. It is not likely to be higher than this since most of these non-subscribers presumably have access to cable at this time but have not yet taken advantage of it despite the availability of more than one American channel and no blackout. Nevertheless, the study indicates that cable revenue would probably be reduced by 20 per cent under these conditions.

The study did not assess the positive advantages of local programming or other service extensions which could in time be undertaken by cable operators. It must, however, be realized that many cable operations are not yet sufficiently profitable to expand into local programming or other services to counteract the effect of the proposed regulations on blackout and reduction of American channels.

Nor did the study determine whether the positive advantage of clear reception in colour would assist in counteracting loss of subscribers. However, as it is estimated that only 23 per cent of homes in Canada will have colour television sets by 1971, this factor can only affect the decision of a portion of the subscribers.

COST FACTOR ANALYSIS

Since cable is still very much in the developmental stages, unlike radio and even unlike television which is already established, it is difficult to assess cost factors on an industry-wide basis. As long as a cable system is a signal transmission service as opposed to a signal producing unit (through programme production), its main costs are in equipment, financing, and installation, maintenance, and repairmen salaries.

Unless an operator is expanding into local programming, once a system is installed fully, capital expenditure and labour costs are reduced considerably,

although loan payments and interest on loans continue for some time. The condition of new licenses, that the entire area be cabled within the first two years, creates the need for considerable financing in this period.

We now examine cost of equipment, labour costs, cost of financing, and finally estimated cost of local programming. The considerable variance in costs from province to province according to the common carrier or public utility policy, differences in labour costs and staffing policies, and escalating equipment costs make it extremely difficult to generalize on any cost factors.

The financial information provided in these sections derives from financial returns of individual systems and group owned systems filed directly with the Committee and from public information released in the D.B.S. Community Antenna Television Systems annual reports. The information referred to has been averaged or is shown in aggregate form to protect its confidentiality. Any relationship between the figures shown and those of an individual system is purely coincidental.

TRANSMISSION EQUIPMENT

A cable system consists of a head end antenna, which receives off-the-air signals and filters and reamplifies the channels to be re-transmitted, a coaxial cable or trunk line, which carries the multi-channels, and which is equipped with amplifiers at intervals to retain uniform signal strength, and tap units at each point where a subscriber's own drop wire is to be attached to the trunk line. The coaxial cable is strung on poles or laid through underground conduits belonging to the common carrier or public utility. The cable operator is charged approximately $3 per pole annually or charged similarly on a footage basis for use of a conduit. In some instances it is necessary to dig trenches in which to lay the cable, for which a higher rental fee is accorded.

There is neither a consistent policy regarding ownership of the equipment comprising a cable system nor a consistent rate structure for rental of such equipment from common carrier to common carrier. Alberta Government Telephones, for example, insists it must own all the equipment and rent to the cable operator, whereas Bell Telephone (which operates in Ontario, Quebec, Newfoundland and New Brunswick) gives the cable operator the option of owning or renting all or part of the system. Typically, the common carrier or public utility owns the coaxial cable and the cable operator owns the remainder of the system.

A study conducted by David J. Workman of the Institutional Securities Commission in Montreal in April, 1970, suggests the cost which must be allotted for installing a coaxial cable and amplifiers is $4,000 per mile of the system. It has been suggested by cable operators that this figure is somewhat low and, due to escalating costs, already out of date. Probably $5,000 per mile on the average would be more realistic.

These figures include labour costs. In Toronto, where labour costs are particularly high, cable laying averages closer to $7,000 per mile of system which is an increase of approximately 25 per cent over the past two years. This increase in costs is typical of most regions in Canada. Approximately 25 per cent of cable

operations are less than two years old and hence have been subject to considerably increased costs of getting into business.

The number of potential subscribers per mile varies between 100 and 200 households according to population density. Assuming then that about 50 per cent of the potential households subscribe, the cost of installing coaxial cable and amplifiers can be estimated at \$50 to \$100 per subscriber.

On the whole, smaller cable systems are in the less densely populated areas and larger cable systems in the more densely populated urban centres. Hence, the smallest systems which generate the least cash flow pay proportionately more per subscriber to lay the cable than do the larger systems.

INSTALLATION OF TAP UNITS AND DROP WIRES

In the past, cable operators have contracted with a subscriber before installing tap units and drop wires to connect the household to the trunk line. Some cable operators now insert tap units outside each potential subscriber's home at the same time as laying the coaxial cable. This latter system obviously results in a number of unused tap units due to non-subscription but permits greater assurance of correct insertion of the taps which otherwise can result in the loss of signal strength. It is felt the cost of the extra tap units is more than offset by the saving in maintenance and repairs. The cost for one tap unit, one drop wire, and their installation is generally estimated at approximately \$10 per household. Installation of drops may be carried out by cable or common carrier staff. In either situation the cost per installation does not vary significantly.

OBSOLESCENCE/TECHNOLOGY ADVANCEMENT

With the speed of advancement in technology and the desire to offer more diversified services, already some cable operators are considering changing portions of their equipment. The coaxial cable is capable of two-way signal transmission. However, this requires two-way amplification. To date, the majority of systems are equipped with only one-way amplifiers. Although the sophistication of in-home programme request, home shopping, away-from-home control over electronic appliances, and a multitude of other services is some distance in the future, the simple problem of sending signals from the local cable studio to the head end for transmission through the system requires this two-way amplification facility. One cable operator has estimated it would cost \$350 per mile of system to replace his current amplifiers with the more advanced two-way variety.

MICROWAVE

Not all cable systems require microwave transmission of signals to their head end antenna. However, this facility is necessary for those operations in the Maritimes and the Prairies.

Department of Communications regulations state that the microwave systems of Canada must be owned by the common carrier who will rent such services to those in need of them. The specifications for such equipment require that all systems include an alternate service for transmission in case of faulting in one route. They

also require a very high standard of signal delivery. In addition, the common carrier built system is usually designed with additional capacity to serve its own needs or the needs of others who may in time require a transmission service. As a result, the common carrier has been accused of unnecessarily increasing the cost of the microwave service. Further, it is claimed by cable operators (and by broadcasters for whom the same regulations apply) that the rental fee charged is excessive given that they use only a portion of one of the duplicated transmission services. It is also said by broadcasters that this cost has delayed extension of service to outlying areas.

The Special Senate Committee on Mass Media has been supplied with data by the common carriers and by broadcasters regarding CJCH-TV in Halifax, exchange of services between Saint John and Moncton, and a number of cases in British Columbia to illustrate the problem.

LABOUR COSTS

During the first two years, labour costs include executive salaries, salesmen's commission and/or salaries, wages for technicians employed to install, maintain, or repair equipment. The costs of the last group have been computed into the costs of equipment since some companies choose to hire their own staff while others pay the common carrier or public utility to install, maintain and repair equipment, including the final into-the-home taps and drop wires. Regardless of this fact, cable systems must retain one technician per 1,000 to 1,500 subscribers responsible for repair work. According to the location of the system, the salary varies between $6,500 and $9,000 annually. In addition, a repair truck for each repair man valued at approximately $3,000 must be purchased.

Typically cable operations retain few executives, many of whom own and operate the system. Cable operators, owning their systems, report that they claim little salary during the formative years.

Salesmen at least in urban areas usually work on a commission basis. The commission per subscription sale averages $25 to $30. In smaller centres where the smaller systems exist, salaries and/or commissions are somewhat less or the owner-operator may sell himself.

TOTAL SYSTEM COST AND FINANCING

The cost of building a new cable system and/or the cost of purchasing the license and a partially or completely built system is substantial. For a new area, the successful applicant pays $10 for the license, the conditions of which state that the area must be fully cabled within the next two years. Failure to comply with this condition can result in loss of the license.

Estimates suggest that a system with 1,000 potential subscribers will incur costs of approximately $75,000 through laying cables and attaching drop wires and other sundry expenses during the first two years. Revenue in this period could be expected to total no more than $20,000. A system with 15,000 potential subscribers would incur nearly $800,000 in expenses and receive about $300,000 in

revenue. A system with 50,000 potential subscribers would have expenses of over $2 million with revenue of about $1,000,000.

It is obvious from this that the smaller the system the slower the return on investment. Approximately one-third of the expenditure is used to purchase capital assets, the remainder is expended on labour costs and other expenses. Part of these expenses occur because the cable operator pays a common carrier or public utility for part of the system and then has to pay additional rent for use of that system. Loss of license after two years would then result in substantial financial loss to the owner. While it is true that the installed system can be sold as a unit, the operator is unlikely to recover anything close to his investment.

As a result, cable operators have experienced considerable difficulty in locating reasonable finance which could be paid off over six to ten year periods. This length of payoff was too long for the demand loans of chartered banks and too short for loans from insurance companies or pension plans. Financiers like to lend funds equivalent only to half the value of tangible assets. RoyNat have been willing to finance cable operations with ten-year paybacks but at a price – in some instances 12.5 per cent interest and a 10 per cent share in the company of stock issued free. According to David R. Graham and James D. Meekison in their article "Today's Challenge of Financing Cable Television," appearing in the 1968-69 winter edition of *Canadian Telephone and Cable Television*, "institutional lenders are beginning to accept a pledge of cash flow rather than a pledge of physical assets as security for loans."

It is thought that banks would be more willing to invest if they could be equity shareholders. To date the C.R.T.C. has rejected them as suitable partners. However, bank participation is under review by the C.R.T.C.

When the cost of interest on such loans is added to other expenses, most cable operations cannot hope to break even in less than three to four years.

PROGRAMMING

The Special Senate Committee on Mass Media staff conducted research to attempt to assess the interest in and cost of local programming. Since few cable operations have as yet started local programme production, and since the C.R.T.C. guidelines for such programming are not clear, it was difficult to make any accurate assessment of this cost factor. However, since it is obvious that the C.R.T.C. is in favour of such a development, the following estimates are provided.

Obviously the larger systems have more revenue with which to expand into programming. It is thought that it will cost systems with revenues of $400,000 or more annually between $200,000 and $250,000 to purchase the necessary equipment. This equipment would include such things as black and VTR cameras, studios, modulators, lights, monitors, etc. The middle-sized systems of $200,000 to $400,000 annual revenue estimate expenditures of about $90,000. Some of the smaller systems suggested they might expend $10,000 in equipment, but the majority of this size did not feel local programming could be feasible for them.

Annual salaries for programme creative and production staff were estimated to be comparable annually to the investment costs in equipment – for the largest groups $200,000 to $250,000 with approximately 40 employees, for the middle

group $70,000 with ten to twelve employees, and for the smallest operators who thought they might do some programming, $10,000 for two to three people; but here, it was suggested, current employees would have to double up their responsibilities if local programming were to be feasible.

Cable operators owning more than one system plan to exchange programmes of suitable subject matter from one system to another. This will permit, it is argued, higher quality production and/or would increase the number of hours of programming per week. These multi-system owners tend to be in the higher revenue groups. It is likely that if programme exchange were forbidden, the estimates for purchase of equipment and the quality of that equipment would change considerably to something affordable by an individual system rather than by the group as a whole.

PROFITABILITY

The potential profitability of cable has been generally recognized. Stock brokers have not been slow to recommend investment in cable companies to their clients. Despite rising costs and the heavy expenditure necessary in the first two years of operation, there seems to be little reason to question this supposition.

Table 136 provides data on itemized revenue and expense items and a net operating profit for the community antenna television industry as shown in D.B.S. Annual Reports 1967 to 1969. In examining these figures, the reader is cautioned that the information includes closed-circuit television as well as cable systems licensed by the C.R.T.C.

During the years 1967 to 1969, revenue increased proportionately faster than expenses broadening the profit margin of cable systems. In 1967 operating profit as a per cent of revenue was 8.7; in 1968, 14.6 per cent; and in 1969, 19.5 per cent. In 1968 the profit margin on sales for radio was 13.2 per cent and for television was 21.4 per cent. Cable's profit as a per cent of revenue at 14.6 per cent and higher again in 1969 compares very favourably, and there seems little doubt then when fully established cable will generate even higher profit margins.

Regionally in 1969 cable systems in British Columbia were considerably more profitable than those in other provinces. On the average a cable system in this province showed a profit of $37,900, more than twice the average for Canada as a whole. The average is undoubtedly affected by the fact that one British Columbia system is the largest in the world. British Columbia is followed by Manitoba and Saskatchewan at $12,400 on the average. Atlantic province systems are the least profitable averaging only $5,000 in 1969 (See Table 137.)

Table 138 examines profitability by revenue group. As in the case of television and radio stations, those operations with less than $100,000 in sales, show an overall loss for the year. Like broadcast too, the largest revenue group with annual sales in excess of $400,000 account for the majority of the overall industry's profit. Although in 1969 only 11 per cent of the cable systems generated more than $400,000 in revenue, they accounted for 91 per cent of the total industry's profit.

Table 136. D.B.S. Annual Report on Community Antenna Systems

	1967	1968	1969
Total systems	314	377	400
Revenue	$	$	$
Installation charges	2,031,000	2,444,000	2,870,000
Monthly service charges	19,093,000	27,917,000	33,440,000
Other revenue	991,000	925,000	1,070,000
Total:	22,115,000	31,286,000	37,380,000
Expenses			
Interest	1,530,000	1,716,000	2,428,000
Depreciation	5,234,000	6,159,000	6,603,000
Rental of land, buildings, equipment	1,572,000	2,033,000	2,287,000
Repairs and maintenance	1,742,000	2,232,000	2,267,000
Salaries, wages, bonuses	5,202,000	6,941,000	9,119,000
Professional services, management fees	1,217,000	1,187,000	2,040,000
Other	3,966,000	6,166,000	6,534,000
Total:	20,463,000	26,434,000	31,278,000
Net Operating Profit	1,652,000	4,852,000	6,102,000
Net Operating Profit as Per Cent of Revenue	8.7%	14.6%	19.5%
Average Net Operating Profit Per System	5,300	12,900	15,300

Table 137. Profitability Data on Community Antenna Television Systems

	Number of Systems	Net Operating Profit 1969	Average Net Operating Profit per System 1969
British Columbia	76	$2,877,200	$37,900
Alberta	10	73,400	7,300
Manitoba and Saskatchewan	6	74,600	12,400
Ontario	138	1,139,500	8,300
Quebec	159	1,881,600	11,800
Atlantic Provinces	11	55,200	5,000
Total Canada	400	$6,101,500	$15,300

The largest revenue groups seem to be the most profitable because they not only have the most potential subscribers, but they have signed up proportionately more subscribers. According to a study conducted by the Special Senate Committee on Mass Media staff, on the average systems with over $400,000 revenue have achieved a 66 per cent penetration whereas those between $50,000 and $399,999 have reached only about 35 per cent. These latter systems would almost double their

Table 138. Profitability by Revenue Group, 1969

	Total	Under $50,000	$50,000 - 99,999	$100,000 - 199,999	$200,000 - 399,999	$400,000 and over
Number of Systems	400	225	56	40	34	45
Total Revenue	$37,380,000	$2,632,000	$3,270,000	$4,743,000	$6,812,000	$19,923,000
Net Operating Profit (Loss)	$ 6,101,400	($ 295,700)	$ 244,800	$ 256,000	$ 361,800	$ 5,534,500

revenue if at the same stage of development as the largest ones. The smallest revenue group, under $50,000, have by far the smallest average potential subscribers in their areas and are nearing 50 per cent penetration. The hope for expanded revenue among this group is therefore very limited (See Table 139.)

Table 139. Penetration by Revenue Groups

Revenue Group	Average Potential Subscribers per System	Percent of Potential Actually Subscribing as of December, 1969
Under $50,000	972	45%
$ 50,000 – $ 99,999	2,964	35%
$100,000 – $399,999	9,950	36%
$400,000 and over	31,451	66%

Table 140 examines profitability by revenue group for the year 1969 providing the average revenue, expenses and profit per system. As in the case of radio and television, some operators filed one report for two or more systems. The total revenue of such a group determined the category into which they were placed, but the total number of systems represented is accounted for. This has deflated the average revenue per system to some extent, but does not seriously affect the conclusions which are drawn.

The analysis is useful to determine the financial capacity of cable systems to produce local programming or to diversify into other services. In the year 1969, those systems with revenues of less than $50,000 recorded an average loss of $1,300 per system. If these systems were able to expand their subscriptions from 45 per cent to 60 per cent, it is probable they would break even, but the feasibility of developing local programming is impossible for systems of this size. This applies to 225 of the 400 cable systems reported by D.B.S.

The $50,000 to $399,999 revenue groups do not on the average generate sufficient profit to expand into local programming either. However, it would seem that with an average subscription of approximately 35 per cent at this time, many of these systems would find local programming feasible in time. No doubt a number of systems, particularly at the top end of this revenue group could consider some programming at this time.

The largest revenue group, over $400,000 annually, with average profits of $122,900 in 1969 should be able to expand into programming. However it is recognized that not all systems could provide an equal number of hours of programming each week nor probably programmes of comparable quality.

Table 140. Profitability by Revenue Group, 1969

	Net Operating Revenue	Net Operating Expenses	Net Operating Profit	Number of Systems
	Dollars	Dollars	Dollars	
Revenue Group				
Under $50,000				
Total	2,632,000	2,927,000	(295,000)	225
Average per system . . .	11,700	13,000	(1,300)	
$50,000 – $99,999				
Total	3,270,000	3,025,000	245,000	56
Average per system . . .	58,400	54,000	4,400	
$100,000 – $199,999				
Total	4,743,000	4,487,000	256,000	40
Average per system . . .	118,600	112,200	6,400	
$200,000 – $399,999				
Total	6,812,000	6,450,000	362,000	34
Average per system . . .	200,000	189,700	10,300	
$400,000 and over				
Total	19,923,000	14,389,000	5,534,000	45
Average per system . . .	442,700	319,800	122,900	

Table 141. Profitability by Revenue Group, 1969 – 1971

	Profit as a Per Cent of		
Revenue Group	Revenue	Equity	Assets
1969			
Under $50,000	8.5	11.2	3.5
$50,000 – $99,999	16.8	35.2	11.2
$100,000 – $399,999	2.3	1.1	.9
$400,000 and over	43.9	68.8	20.9
1970			
Under $50,000	15.6	13.3	6.7
$50,000 – $99,999	16.3	23.8	10.6
$100,000 – $399,999	14.4	7.3	5.9
$400,000 and over	46.2	63.3	33.2
1971			
Under $50,000	33.6	29.3	17.3
$50,000 – 99,999	16.0	25.2	17.7
$100,000 – $399,999	18.3	9.9	8.2
$400,000 and over	44.3	60.5	33.3

Part III

VARIOUS FACTORS AFFECTING CONCENTRATION AND ECONOMICS IN THE MASS MEDIA

Chapter 1:

SOME OBSERVATIONS ON THE RELATIONSHIP BETWEEN INCOME TAXES, ESTATE AND SUCCESSION DUTIES, ANTI-COMBINES LEGISLATION, AND CONCENTRATION OF NEWSPAPER OWNERSHIP

INTRODUCTION

This section is concerned primarily with the effect of tax and combines policy upon newspaper ownership. Obviously these are equally applicable to the broadcast media. But the existence of the Canadian Radio-Television Commission introduces an entirely different factor in the transfer of ownership of radio and television stations. To the extent that the C.R.T.C. chooses to make it, the broadcast marketplace is a controlled one, rather than a true free-enterprise market.

In the newspaper field, the laws of supply and demand operate to a larger extent, although the marketplace is not "natural" in the classic sense. It is limited by two important factors:

1 Tax regulation effectively prevents non-Canadian interests from controlling a Canadian newspaper; the cost of advertising in a foreign-owned newspaper would not be a deductible expense for income tax purposes by the advertiser, thus rendering advertising impractical in that newspaper.

2 The economics of daily newspaper publishing during the past quarter-century clearly indicate that the most advantageous way of entering a market is to acquire an existing property rather than originating a new one, especially in a market where newspaper competition exists.

COMBINES LEGISLATION

The Interim Report on Competition Policy, Economic Council of Canada, July, 1969, has great potential for impact on this industry, just as it has in others. It is hoped within the Department of Consumer and Corporate Affairs that new combines legislation can be devised and passed by Parliament in 1971. Accordingly, this section is in two parts: "Past and Present" and "The Future? "

On no known occasion in Canada have the joint resources of the Combines and Investigation Branch and the Restrictive Trade Practices Commission prevented a newspaper sale, consolidation or merger. As a result, it is often said that anti-combines legislation in this country has had no bearing whatsoever on concentration of newspaper ownership.

In a positive sense the statement is true. But there must remain room for conjecture that certain newspaper sales or purchases have not taken place because the principals were aware of the continuing concern of the Branch and its willingness to investigate in this area. However, unless newspaper executives themselves care to offer disinterested testimony on the point, there is no way of attaching weight to the conjecture.

Since 1960 three major studies in the newspaper field have been conducted by the Restrictive Trade Practices Commission. They concerned Pacific Press, Vancouver; the Fort William *Times-Journal* and the operation of certain weekly newspapers in the Sudbury-Copper Cliff area.

In its approach to concentration of media ownership the Branch has been hampered by staff shortages; the reliance of the Act on marketplace conditions; the exclusion of social policy considerations; and the reliance of the Act on commodities to the exclusion of services. To amplify in order:

1 Staff in July was only 49 officers and 10 research senior personnel with 117 supporting personnel. By fiscal 1974-75 these totals will rise respectively to 109, 20 and 212 under plans now approved, but additional responsibilities have recently devolved upon the branch which will engage a considerable percentage of this staff increase. The Branch still feels it will be short of staff in overall terms, even with the increases planned.

Staff limitations have prevented a long-desired overall research project into media concentration; a study that would embrace the whole field. With as many as 80 different investigations in progress at any one time it has proven impossible to allocate staff for so major a project in this and other important areas.

The Branch notes, however, that the three studies mentioned above, in that each relates to newspapers, constitute more activity in this field than has been produced in any other field. (It should be noted, though, that the Sudbury-Copper Cliff study was initiated through the provision in the Act which makes a study mandatory upon application by six citizens of Canada. It should be added that despite often-voiced concern over concentration of ownership this is the only case wherein six citizens have so applied in the newspaper consolidation field.)

2 In the view of its administrators, the Act gives no scope whatever for social policy considerations in the media field. The whole presumption of the legislation is that it shall be used in the field of the manufacture and sale of articles for ultimate public consumption and such newspaper studies as have been launched so far hang on the slender thread that a newspaper is indeed a commodity that is sold for 10 or 15 cents. There is no legislative basis for concern and action in the field of contraction of sources of information, ideas, vehicles of communications, etc.

3 Branch officials have spent some time trying to find a plausible way to stretch the existing Act to cover broadcast advertising and public information as commodities, but have decided that they simply cannot do so. Advertising and information are services and arrangements for joint, combined or packaged advertising rates, could, in the view of the Branch, only fall within the purview of the Act in the event that these were overtly used to drive a competitor out of business or to prevent a competitor from entering business.

In a static situation wherein competition has long been absent and no potential but incapacitated competitor can be defined, advertising is considered clearly a service not covered by the commodity orientation of the existing Act.

Of the three studies, the Branch was most disappointed by the outcome of the Fort William investigation; this may have dampened the enthusiasm of the Branch for further forays into the newspaper concentration field.

In that case, the sale of the privately held Fort William *Times-Journal* to the Thomson organization, which also owned the only daily in adjacent Port Arthur, went to the heart of the Branch's conception of the Act, but the Restrictive Trade Practices Commission found no cause for interference.

A main Branch contention was that the two communities would eventually consolidate and that common ownership of both newspapers would lead to almost automatic merger instead of the more prolonged competition that might have resulted if separate owners were unprepared to yield.

(The municipal consolidation of the two cities into one – named Thunder Bay – has now taken place.)

The Branch professes to be deeply concerned by such situations as London, Ontario, where newspaper, radio and television interests are under common ownership, but says that in view of the restrictions in (2) and (3) the chances of a successful investigation would be slim. In a more relaxed staff situation, it was stated that the Branch would have instituted a study for at least the peripheral benefits of public information of the situation, but this was impossible because of the limitations of (1).

Given this situation the Branch considers a more fruitful approach its close relationship to the C.R.T.C., which consults the Combines Investigations Branch in all sale transactions which appear remotely connected with its sphere of interest. The C.R.T.C. is closely guided by Branch advice. It was suggested inferentially, although not directly, that Branch advice was a factor in recent C.R.T.C. decisions to remove the Bassett interests from the cable television field in Toronto.

THE FUTURE?

The Economic Council's Interim Report on Competition Policy would appear upon first reading to satisfy most of the deficiencies the Branch considers to exist in the present legislation.

For instance, advertising in all its implications and consequences would be covered under the proposed new legislation. However, much can happen between the publication of an interim report and its eventual translation into legislation.

Assuming that advertising will probably be covered by the new Act, it is also probable that the process of newspaper consolidation will be largely stabilized by the time the Act passes. However, further speculation is of little point.

ESTATE AND SUCCESSION DUTIES

It is difficult to imagine an area of more profound contradiction.

On one hand it is widely held by reasonable, intelligent men with access to the best possible professional advice, that these duties have contributed materially to concentration of newspaper ownership because the necessity of paying duties has forced the sale of newspapers; and group or conglomerate owners are the most ready buyers.

It is further contended that the very presence of the conglomerate owners aggravates the estate duty problem considerably because the Department of Finance tends to value a newspaper estate on its value in a marketplace where these conglomerates are dominant.

Conversely, men of equal reason and intelligence, with access to the same calibre of technical advice, hold that the contrary is true – that estate and succession duties are no more than a predictable difficulty under a certain form of ownership; a difficulty that can be resolved in a variety of ways.

They contend further that the market is in fact artificial because no interplay of foreign competition is allowed, which has a depressing effect on potential prices.

In this area, emotions can become intertwined with fact and may assume an independent reality of their own. A man convinced that a certain proposition is true will govern his actions accordingly.

The assumption that estate taxes (most people interviewed regarded provincial succession duties as a relatively minor factor) lead to the sale of businesses to foreign interests has often been made in Canada. If it is true in that area, it must perforce be true in the newspaper field, even though foreign ownership is not a factor. Here, again, agreement is scarce.

The Royal Commission on Taxation (Carter) could not (Volume 3, Pages 476-477) find statisfactory evidence that estate duties were anything other than a minor factor in most sales – and added that if a forced sale were really mandatory for this purpose, the sale "may in economic terms be good or bad depending on whether or not it advances the future prospects of the company."

The Report on Transfer Taxes, Ontario Economic Council, September, 1968, takes a sharply contrary view and in strong language condemns the estate tax as a major ingredient in the sale of family-owned companies to American and other foreign control.[1]

In this field, too, a past and present situation exists. Much criticism was previously attached to the requirement that succession duties be paid forthwith.

[1] It should be mentioned in this connection that the methodology of the Ontario study has been subjected to considerable academic and professional criticism; that of the Carter Commission has not, at least in the same degree.

However, the 1968-69 Gift and Estate Tax amendments now permit an executor or successor to make payments in six annual installments. This applies to deaths on or after October 23, 1968, and is held by family owners of newspapers to be a highly useful change. Also, complications are reduced by the provision that allows the property to be left to the widow without taxation.

ATTITUDES

During the course of interviews, a number of attitudes were discovered. These are summarized below. More complete accounts of three interviews obtained under the Confidentiality Guidelines of the Committee have been filed as a separate memo with the Committee's research director.

Attitude I

This is held in common by persons now connected with conglomerate companies; by senior officials of the departments of revenue and finance; and a distinct minority of owners, or previous owners, of family newspapers.

Briefly summarized it is that estate and succession duties are but one ingredient, and not a particularly large one, in the very complex process of deciding whether to sell, or not to sell a property.

Attitude 2

This is exemplified by the publisher of a large, family-owned paper.

The estate tax has been a central part of this man's thinking for more than thirty years. For several years he carefully gathered up shareholdings that had been diffused throughout his by then scattered family.

Then he spent several more years carefully consolidating the position of the newspaper, completely re-equipping it, and placing it upon the soundest possible footing.

Then he spent the final decade carefully vesting his equity control in his children and grooming a successor from within his family.

He feels, in a story which is at times poignant, that this whole process has come to dominate if not obsess his thinking and he admits to bitterness over what he regards as the complicity of the federal government in the decline and fall of the family business, which he feels is one of the central institutions upon which all Canadian values were founded.

He adds that the transfer of equity (he retains voting control) has robbed him of a chance to be a wealthy man in his own right and that the whole operation was possible only because he was able to remain down through the years as chief executive officer and therefore pay himself a substantial salary from the company. It is his belief that although he has largely solved the problem of duties which might have been attendant upon his death, he has possibly only compounded it for his heirs, unless they, too, enjoy longevity and are fortunate in their heirs.

Attitude 3

This was exemplified by an executive of a paper recently upset by the death of its principal shareholder. "Only dedication, determination, good luck and good

advice have saved this newspaper," he asserts, (the death occurred before October 23, 1968) "and it will be five years before this newspaper is really financially solvent again." Nevertheless he was confident that it would remain "out of the clutches" of the chains and groups, and regarded this possibility as a triumphant victory.

Attitude 4

This was exemplified by the former major shareholder of a newspaper sold to a media conglomerate. The respondent now participates in the conglomerate's management.

His company had not been particularly profitable and required capital; he felt family ownership had been rooted in family pride and was not necessarily valid relative to community and corporate needs; estate duties had been solved for his generation but would have contributed to greater difficulties for his heirs; the challenge of participating in the larger company combined with relief from the financial cares of the smaller, was a welcome one in personal terms.

SUMMARY OF ATTITUDES

The variations of attitude could be described almost without end, but the most common themes are represented in the four above.

Most of the family owners interviewed were not disposed to turn their private companies into public companies, even though this device might have materially assisted in the future estate duty problem. This is one point at which the argument against estate duties tends to develop flaws.

Close questioning revealed, in most cases, factors other than a simple desire to retain the property in the hands of the community. A good many family owners are firmly wedded to the concept of total privacy in their business affairs and refuse to contemplate the idea of outside members of the board, or of public disclosure of any financial data.

Indeed, this concept is so widespread (it exists in privately held group operations as well) that it constitutes a paradox on the part of men responsible for businesses which frequently, as a matter of course, demand the utmost disclosure on the part of other segments of the community and of society.

In addition, the subjective impression was gained from several interviews that the individual or family that sells a previously private newspaper property feels defensive in community terms. He may be accused by friends or even vocal, organized voices within his community, of selling out the interests of that community for crass profit even though he may, as an heir, have no personal interest in operating the newspaper or particular competence to do so.

In such cases, the estate duty argument, although it may have been a legitimate factor in the decision to sell, may be allowed to assume undue proportion when the fact of the sale is later being justified.

More than one family owner, or previous family owner, suggested that the federal government should look closely at provisions that permit the relatively easy

transfer of farms and fishing equipment from generation to generation as a model for protection of the independent newspaper from the acquisitive chains. This and related ideas are examined more closely below.

THE OPTION OF GOING PUBLIC

With very few exceptions, publishers of independent newspapers contacted in the course of the study described their operations as being conducted against a background of continually increasing financial pressures.

There was also a commonality in the major causes cited for these pressures: estate taxes, increased capital investment necessitated by modernization programs and competitive factors, and rapidly increasing costs in all areas of operations.

And while there were wide philosophical differences as to its desirability, many publishers saw the only practical solution to these financial pressures for many independent newspapers in access to the financial resources of the large publishing chains.

In short, strong doubts were expressed as to the economic viability of independently owned newspapers operating under traditional ownership structures. Moreover, a change in ownership through sale to a chain was seen as the inevitable way out of the present owners' financial dilemma.

To accept this proposition in total, however, implies acceptance also of the premise that a newspaper is a unique business organization, subject to different strictures than companies in other industries.

There are perhaps important differences in the social and political implications of the product, and society has generally accepted the need for mechanisms to safeguard the public trust in the newspaper product. But it is equally true that at the business level, a newspaper enterprise is essentially an entrepreneurial activity, operated to yield a satisfactory level of profit to its proprietors.

It thus follows that the newspaper enterprise should have recourse to the same sources of finance as enterprises in other industries facing similar financial or tax questions. The evidence suggests that independent newspaper operators have utilized sources of conventional debt financing consistent with their size and earnings in much the same way as any other business.

The other traditional Canadian source of new capital – sale of equity to the public – has not been used to any great extent by independent newspaper enterprises in Canada. In fact, equity transactions have generally been restricted to sale of total or controlling interest to a larger organization. In view of the role played by equity financing across Canadian industry – and the repeated reference to the problems arising from financial pressures – the question must be asked whether managers of independent newspapers have fully explored this source of new capital.

Moreover, since many seem to regard the financial resources of the publishing chains as a strong incentive for merger, could not this same objective be reached by drawing on the financial resources of the investing public? In effect, is offering the public an opportunity to invest in an independent newspaper company a viable alternative to selling the company to a chain organization?

Before attempting to answer these questions it is necessary to point out that no general principles can be enunciated that will apply equally to all independent newspaper companies. Some, by virtue of their financial stability and earning power, have no operational need for public financing; shares in these companies would undoubtedly find ready purchasers were they to be placed on the market. Others with less economic strength would be considered poor investment risks.

Any discussion of the merits or demerits of public financing is further complicated by the lack of empirical evidence – only one independent company is known to have gone public and its interests in other newspaper operations are so wide that it exhibits many of the characteristics of a chain operation.

Two independent companies are, however, in the process of offering shares for public subscription. The reasons underlying their decision to take this step, together with the opinions of other publishers who have considered and discarded the option of going public, will serve to provide at least some insight into the factors involved.

In both cases, the companies planning to offer shares have the same principal motivation: to obtain capital for expansion purposes.

The first, a long established and influential daily, is wholly owned by family interests and occupies a dominant role in its community and the surrounding region. During the past six years more than $7 million has been spent on plant modernization and new equipment; 80 per cent of the physical plant has been changed within the last ten years. From a technological standpoint, the operation is one of the most advanced in Canada.

Despite the efficient operation implied by this investment in technology and a good earnings record, the present management considers the company to be in an exposed position with the total resources directed toward one product. As the president and a major stockholder of the company explained:

> The labour situation is developing new trends which are impossible to predict. We could be closed down by a strike at any time and since the newspaper represents the major part of the family holdings, a shutdown directly affects those members of the family who depend on it for their income.

The solution, as he sees it, is to diversify corporate activities into areas where income can be generated independently of the newspaper operation. With capital expenditures already planned for the newspaper plant, family resources are not sufficient to provide the needed funds for diversification and a public subscription offered the best and most advantages. Additional debt financing was discounted because it would "in effect, boil down to asking the family for the money because they would be guaranteeing it."

The decision to go public took two years for this company to reach. Expert advice was sought on tax and legal questions, both in a corporate sense and the possible ramifications for individual family shareholders. The opinions of other publishers in Canada and abroad were also sought out. As the president put it:

> Our prime motivation was financial – but finances must not run the mind of a person. If I had not been convinced that the advantages would be gained at the philosophical level, we would not have taken this step.

A major preoccupation in this context was how the editorial integrity of the newspaper might be affected should a sizeable block of shares be acquired by a particular interest or pressure group. This was resolved by deciding to place only 25

per cent of the shares on the market initially and placing an upper limit of 45 per cent of shares to be held at any one time outside the family. Shareholder agreements require all family-held shares to be offered first to other members before sale outside.

> By these measures we will ensure continuity of the present management philosophies. In addition, by being able to participate in the affairs of the company the community at large will obtain a more accurate view of how we acquit our responsibilities and thus can base its confidence in us accordingly.

Not inconsequentially, the family shareholders will reap significant advantages from going public. The shares to be distributed for public subscription represent a mixture of individual holdings and treasury shares. The two principal shareholders, for example, will receive a cash consideration that will reduce their personal indebtedness resulting from acquiring their holdings but still leave them in a controlling position.

The age of some of the family shareholders also poses potential cash problems arising from estate taxes. Reducing the individual holdings and at the same time providing each estate with cash from the proceeds of sale enhances the ability to meet estate taxes without a forced sale of the newspaper stock. This also provides against the contingency of other family shareholders having to commit cash to buy a deceased shareholder's interests because of estate tax difficulties.

Another advantage seen in estate tax matters to be gained from going public is elimination of any arbitrary evaluation of holdings. Current practice is to value the enterprise on the basis of what a purchaser would reasonably be willing to pay for it. With a market created for the company's shares, the value of an estate's holdings can be readily ascertained without the intervention of a third-party arbitrator.

In the case of the second company in the process of going public, the circumstances are much more clear-cut. A relatively new publishing enterprise producing daily newspapers and special interest weekly publications, the company has enjoyed rapid growth almost from its inception. The opportunities it sees for further growth, however, are beyond the present financial resources of the company and its outside debt financing sources.

Ownership is almost wholly held by the founder and president of the company and his ambitions for the organization psychologically rule out the option of raising capital through a partnership arrangement or sale to a chain.

In this particular case, going public will hopefully result in needed new capital without yielding control. And if expansion plans meet with success, it is entirely possible that the dollar value of the principal's holdings will be enhanced. In effect, he will hold a somewhat diluted but substantial interest in a potentially much larger organization.

Present plans call for 10 per cent of the shares to be offered for public subscription during the first year, with a possibility of a second 10 per cent to be sold the following year.

Estate taxes and other considerations played little or no part in the decision, taxes being separately provided for by insurance.

It should be emphasized that both these organizations are in the process of offering their shares to the public. Both exhibit a natural optimism that their views

will be confirmed by experience. Only time will tell if their objectives can be realized by the method they have chosen.

One of the questions put to officers of the two companies was how would they respond to the potential situation of a chain achieving a significant minority interest through open market purchases. (Both had stated categorically that they were not interested in selling to a chain.) Both seemed unconvinced that such an eventuality would arise. Moreover, they were of the opinion that should it happen there would be no harmful effects.

A third publisher disagreed strongly with this view and cited his own experience of the type of situation that can result from significant minority chain holdings. While a private company with 74 per cent of the shares held by the principal, some 25 per cent of the shares were acquired by the predecessors of one of the large chains in the early days of the company. The chain has resisted all attempts to buy its holdings and has made counter-offers to acquire the principal's shares.

This particular publisher expressed a strong desire to rationalize his holdings to guard against foreseeable estate tax difficulties but feels his flexibility has been considerably eroded by the chain's minority holdings. To go public, in his opinion, would mean to enable the chain to increase its holdings, bringing it closer to its stated goal of ultimately achieving control.

Before drawing any conclusions from this experience, however, it should be noted that the minority interest was acquired at a time when the company's assets were considerably less than their present level. Whether a chain would deem it a good investment to tie up the kind of funds needed today to obtain a minority position in the hope that it can be ultimately expanded to a controlling position is a matter of some conjecture.

When control is securely vested in a particular family or group and is backed by sufficient financial resources to resist outside pressures, minority holdings must be regarded as little more than portfolio investments. And the chains have shown no propensity to employ their resources in that way.

One final point that bears examination is the potential effect on the overall financial operation of an independent company when its shares are publicly traded. Under private ownership the question of financing is a matter between the operator and his bankers. When the company's investment potential, its earning power, its strengths and weaknesses, become matters of wider public discussion – as they inevitably must when the stock is publicly traded – a new element enters the equation.

To what extent would financing decisions now be conditioned by the market's evaluation of the company? Would credit lines be harder to justify by a bank manager to his head office in the event of negative market attitude toward the company?

These are unanswerable questions, of course. But by the same token it must be recognized that the relationship between the independent publisher and his sources of finance is often a highly personal one built over many years. In the case of some independent companies at least, there is a distinct possibility that a purely technical evaluation of the company may yield different risk results.

In this respect, the value of the owner's personal holdings may also suffer. In the absence of publicly traded shares, a chain evaluating a newspaper property for

possible purchase will consider many factors in addition to physical assets in determining its offer. As a number of publishers have pointed out, chains are often prepared to pay a substantial premium for a property based on the corporate benefits they anticipate through acquisition.

Would such an offer still be made if publicly traded shares of the company were at a depressed level? Again, the question is unanswerable but a matter of some consequence to a publisher who may be contemplating relinquishing his holdings at some future time.

It is not possible at this point in time to provide a definitive answer on whether going public is a viable alternative for an independent publisher to selling to a chain. The question cannot be answered with any certitude until some empirical evidence is available.

One conclusion has emerged however. Equity financing is widely used among Canadian companies in most industries to good effect. Public participation has also been a strong factor in the capitalization of the Canadian broadcast industry.

Of the 116 daily newspapers published in Canada, seventy-seven are controlled by chains or companies with multiple media holdings. Operated in much the same way as other businesses and making full use of appropriate financing options, many of these organizations have made shares available to the public.

The remaining thirty-nine independently-published newspapers are for the most part closely-held family interests. Strong traditions of family ownership predominate, often to the point where undiluted ownership is seen as a trust. To this point, no independently owned and operated newspaper has obtained financing through public subscription for shares.

It is from this latter group, however, that most of the comments concerning financial presssures came. There is an element of inconsistency in the apparent reluctance to use equity financing when, by normal business practices, the option is available.

Those now planning to go public are confident they have found the correct solution to their particular financial and operating situations. Interestingly, they emphasize their decisions were reached as businessmen, not publishers. As one president said: "The intellectual approach to running a newspaper no longer works. If you can't make a profit, you're out of business. There's no place for dreams when you're talking to bankers."

Others are less convinced that the philosophies or economics inherent in this position are sound.

Such divergent opinions are not surprising. Companies are subject to a wide number of conditions and influences and their decisions must reflect the realities of their particular circumstances. And other factors than personal and corporate economics enter the picture. In any given situation, therefore, a course of action that offers discernible advantages for one, may be entirely unacceptable to another.

On the opinions expressed during this research, it would seem that offering shares for public subscription fits into this category. To some independent newspaper managements it is a viable financing option with distinct advantages; to others it has no validity in the newspaper industry.

Only practical experience will provide the perspective.

INCOME TAX

The argument is frequently heard that federal income and corporation taxes are weighted in favor of the large, expansion-minded company and thus, in the newspaper context, place the smaller company at a disadvantage that hastens concentration of ownership.

Once again, there exists a past, present and future situation. The Proposals for Taxation tabled in Parliament by the Minister of Finance, November 7, 1969, will create, if enacted in part or in full, a situation different than that which exists today.

PAST AND PRESENT

Senior federal officials in the finance and revenue fields argue that the tax system is neutral in that it does not specifically encourage the large to devour the small.

It is conceded that one provision might be of specific benefit to large newspaper companies, – that of a rate of depreciation on capital equipment more accelerated for tax purposes than the rate at which business might otherwise depreciate equipment on its own books.

This might enable a large company to buy a newspaper and provide it with needed equipment – and newspapers are capital equipment-intensive – and obtain thereby a relatively beneficial tax situation for the next five years.

In general, however, it is argued that it is the natural predisposition of all business to grow, and that in general terms it is not the business of tax policy to impede such growth (although other legislation, such as anti-combines may come into play in certain growth situations.) Indeed, it is the view of many taxation experts, and of parts of the Carter Report, that consolidation of small and inefficient industry in larger and more competitive units is in general beneficial to the broader Canadian interest, particularly in the export field. (The contradiction this poses for the internal, non-exporting newspaper industry is outlined below).

Businesses cannot grow unless they first make profits, as a general rule. Insofar as it has an opinion, it is clearly the view of Canadian tax policy that it is desirable that lawful business should generate lawful profits. Our entire economy is based upon this premise.

Taxation officials, while professing individual concern over the concentration of newspaper ownership, are fairly unanimous in their belief that tax policy does not cause such concentration, and are reluctant to concede that their policies should be used to prevent it.

THE FUTURE?

A preliminary study of the Proposals for Taxation (and it is a document with complicated ramifications), indicates that takeovers of remaining independent newspapers by large chains or groups would be facilitated by the proposed new system.

One important provision in the White Paper would permit the interest on monies borrowed for the purpose of merger, purchase or takeover to be deducted for income tax purposes. This could be useful for chains that are public companies and are reluctant to issue additional shares for further acquisitions. It could be even more useful for private companies because their shares are often valued at a lower price to earnings ratio than are shares traded in the public market place.

The interest-deductibility feature would appear to be designed at least in part to place Canadian companies on a more equal footing with American and other foreign firms in the matter of acquisitions. The complaint has often been heard that an American company bidding for a Canadian property can pay more because it can deduct interest against American tax while the Canadian competitor could not do likewise.

The provision would correct that imbalance. But the Canadian newspaper market is for all practical purposes closed to the American investor. In this one field, the provision provides a remedy for a problem of foreign competition that did not exist in the first place.

On the other side of the equation, of course, is the proposal to institute a capital gains tax at marginal rates of income taxation. Will it slow or otherwise inhibit sales of various properties, including newspapers? Certainly, at the rates of taxation proposed, a potent new consideration would enter any decision to sell. But it is possible that given the dwindling number of properties available for purchase, combined with the profitability of the major potential purchasers, a capital gains tax might simply force up sales prices to accommodate part of the new tax ingredient. Also, even with a capital gains tax, a substantial profit is still a substantial profit, and the person seeking to make a profit is not likely to be deterred by the recollection that before 1970 the profit would have been even greater.

DISCUSSION-SUMMARY

This discussion must of necessity be relatively subjective.

In brief, the central problem of concentration of newspaper ownership is easy to state in terms of its potential danger in respect to the flow of information and ideas and in its mercantile, advertising, connotation. It is a great deal less easy to solve, at least in terms of a market place that is free in any sense of the word.

There are three initial points, based on the foregoing sections:

1. If the Combines policy envisioned in the Interim Report had been in effect twenty years ago the patterns of concentration today might be different. But had concentration been effectively halted, other problems of a similarly grave complexion in the newspaper field might well have arisen.

2. Estate and succession duties do not appear to be a pivotal factor in the concentration process, although they do constitute one factor.

3. The use of tax policy as a direct tool to retard concentration might not, in social terms, be either equitable or just.

In the newspaper field today, Canada has four or five large, expanding companies, making substantial profits, and seemingly intent on acquiring the dwindling remainder of independent newspapers.

Yet, these companies are acting within the law. To hamper their growth by curtailing their profits would be to, first, treat them on a basis unequal to other corporations engaged in lawful business, and second, run the risk of inhibiting the freedom of the press, because it is only with advertising profits that newspapers can provide news and comment.

In most businesses, the natural instinct of the proprietor with money to invest is to continue to do on a larger scale that which he has already done successfully; that which he knows how to do. But individual newspapers are finite, limited in size by the markets they serve. New ones are in most circumstances vastly expensive to start up, and the chances of success on the basis of past experience are extremely low. Simple logic, for this proprietor, suggests the acquisition of additional newspapers – or entry into allied fields for which his experience has at least in part equipped him.

Accordingly, newspaper proprietors have constantly nibbled at the radio and television industries, there to be met by widespread, and understandable, public concern over the implications of multi-media concentration in the same hands.

Therefore, broadcast investments from this source, while substantial in Canada today, have been limited at levels well below that which would have resulted had newspaper owners felt they enjoyed full access to this market place.

Suppose, for sake of argument, that a combination of tax and competition policy were to bar these large companies from further newspaper acquisitions, and from further entry into the broadcast field. This would be considered desirable by many people in the public interest.

But they would still be in business with what they have, and what they have is a demonstrated ability to make substantial profits. These profits would still have to go somewhere. Any reasonable businessman, denied access to ownership of the related technology which might help his primary business to survive in future, uncertain years, would probably feel bound to diversify; to enter fields not related to the newspaper business but which promised future growth and therefore corporate survival.

This could create another, potentially socially undesirable problem. If a newspaper, or a group of them, is merely part of an overall business package, the temptation to use the newspapers to further, or protect, the interests of the rest of the package must surely arise, and will less surely be fought down. It is in recognition of this danger that a group as large as Southam Press Limited has specifically eschewed participation in fields unrelated to media communications.

Suppose instead of specifically limiting the larger companies, Canada takes steps to preserve the existing independent papers by a variety of means? Theoretical possibilities exist.

1. Community, non-chain control could conceivably be guaranteed by protecting some sort of community co-operative ownership, closely enough held to avoid outside takeover. But it is important to remember that Canadian newspapers are very much community affairs. The logical investors and participants in such community arrangements would be those already in positions of mercantile dominance.

Thus a newspaper might very well find itself controlled by a consortium of its own major advertisers, a development which could have the most profound and deleterious effect upon its editorial content and which would simply be a more direct and potent local counterpart of the broader danger seen in the diversification of the large companies above.

2. Steps could be taken to preserve family control of newspapers. In various forms this solution has often been posed but its inherent dangers are fairly obvious.

One, of course, would be the creation of local baronies; families growing steadily more affluent, generation by generation, in undisputed control of what has become in most communities an indispensable local utility. And the growth of wealth, generation by generation, might not in fact be matched by the individual capacity to manage the enterprise. One specific type of property owner would be allowed to pass on his estate, while all the others looked on with envious reflections upon the equity of tax policy.

The purpose of this discussion has not been that of manifest pessimism in the face of growing concentration of ownership. It is merely to suggest to the Committee that a solution to the problem may well require questions of the most probing sort to obtain creative ideas and proposals of an order not commonly heard so far in the debate on this question.

Chapter 2 :

NEWSPAPER EDITORIAL SALARIES

INTRODUCTION

This section is concerned primarily with the salaries of the men and women who write and edit Canada's daily newspapers – writers, reporters, deskmen and other non-management personnel.

The true income of newspapermen is one of the most submerged sectors of remuneration in the country. Even if time and resources had permitted a complete formal survey of all publishers, inquiring into their rates of pay, it would have produced only part of an answer. In countless cases there is a substantial difference between what the newspaper pays an individual and what that individual actually earns, largely by virtue of being a newspaperman. The opportunities for outisde income are unusually large in this field.

A complete survey of all working newspapermen in the country would clearly have been impossible. (In the chapter on newspapers and periodicals in Part II regional differences in pay in aggregate terms, by classification of worker, are presented and analysed).

There exist, then, two methods of producing information in this area. Both will be accurate enough in general terms, but subject to almost limitless question by the individuals concerned. The first involves expensive and time consuming general surveys. The second, which is employed in this paper, combines the visible portion of pay scales as represented by union contracts, contacts throughout the country at both management and non-management levels, and direct experience in the industry.

Several basic assumptions are made:

1 Fringe benefits in the industry as a whole are sufficiently comparable to industry in general to eliminate the necessity for a special examination of this area.

2 The relationship between the organized journalists of the Quebec French-language press and their employers differs interestingly from the comparable relationship elsewhere in tone, emphasis and concept, but is not of itself germanc to this paper. The tangible results in direct salaries would appear to have produced slightly higher salaries than in comparable English-language circulation brackets.

3 No purpose would be served by burdening this paper with the considerable range of editorial staff classifications and sub-categories that exist in most

newspapers. Only a few reasonably typical, recognizable, and important categories have been abstracted. Representative ranges of categorization may be found in Guild contracts.

4 Although newspapers customarily pay salaries weekly, every two weeks, or twice monthly and industry salaries are almost always calculated or negotiated on a weekly basis, this paper expresses salaries annually, rounded to the highest dollar.

5 The Parliamentary Press Gallery was not directly included in this paper because a separate survey, including salaries, was conducted by the Committee's research staff. However, the general range of Gallery *base pay* would appear to be from $8,000 to $13,000 per annum, 'star' columnists excepted.

AMERICAN NEWSPAPER GUILD CONTRACTS

During the past twenty years the Guild, which also bargains in many cases for employees in the advertising, circulation, business and other departments of newspapers (mechanical usually excepted) has had a major impact on salaries.

Even today, although the growth of the Guild appears to have levelled off in terms of new contracts and bargaining units, the union scales tend to set the pace elsewhere.

Once signed, copies of Guild contracts fan out across the country for interested perusal by management elsewhere. The degree of interest is often dictated by the geographical proximity of one's newspaper to the union shop.

Thus, a good many non-union employers adjust their basic rates in almost automatic reflex to new Guild contracts, or to the periodic escalations in two and three year contracts. The base rates might be lower, but the proportion is maintained.

The Guild's entrenchment in all three Toronto dailies heightens its bellwether effect because this, the most competitive newspaper market in the country, would almost automatically set the pace for the nation even if the union did not exist. Employment in Toronto is still the goal of countless young newspapermen, rewarded in terms of both professional standing and money. Only direct assignment to the Parliamentary Press Gallery has equal or greater lustre for the aspiring reporter.

Toronto salaries may occasionally be exceeded elsewhere under special circumstances (particularly at executive levels) but as a general proposition the working newspaperman in Toronto is the highest paid in the country.

It is important to bear in mind that all Guild contracts are expressed in terms of minimums. The individual may strike a better bargain.

The Toronto contracts vary by a few dollars per week in most categories but the differences do not seriously affect the overall economic status of the individual. For purposes of giving expression to this concept the contracts at the *Star*, *Telegram*, and *Globe and Mail* have been averaged, with the result that as of January 1, 1970, the following categories as seen in Table 142 can be said to receive the following minimum average remuneration:

Table 142. Minimum Annual Wage For Employees, Toronto Guild, 1970

Senior Deskman, Political Writer, Editorial Writer (the highest levels of Guild Coverage)	$11,433 per annum
Columnists	$10,757
Deskmen, 5 years experience	$10,157
Reporters, 5 years experience	$ 9,620
Reporter, 1st year	$ 6,100

These are, if the phrase can be endured, the maximum minimums payable in Canada. When one recalls that all other base newspaper scales flow *downward* from this representative level, the economic status of the Canadian journalist as defined by negotiations between his representatives and his employers becomes more clear.

Other Guild contracts are lower. Some samples are given in Table 143 (in Vancouver and Victoria both papers are covered and are averaged).

Table 143. Minimum Annual Wage for Selected Guild Members Outside Toronto 1969-1970

	Ottawa *(Citizen)*	Vancouver *(Province-Sun)*	Victoria *(Times-Colonist)*	New Westminster *(Columbian)*
Senior Deskman, Writer (highest level)	$10,140	$11,175	$9,016	$9,360
Columnists	9,620	n.a.	n.a.	9,100
Deskmen	9,360	10,907	8,736	8,320
Reporters*	8,996	10,907	8,680	8,320
Reporter 1st Year	5,668	6,424	4,487	4,888

*Senior experience categories, which vary from 4 to 6 years depending on contract.

Ottawa and New Westminster based on rates payable in early 1970; Vancouver to be effective in November, 1970; Victoria, November, 1969. At the time of writing, a new contract had been tentatively settled in Victoria that provided increases in the area of $30 per week for senior reporters and deskmen.

The Guild also holds contracts in Oshawa (*Times*) and Brantford (*Expositor*). In each of the senior categories remuneration is $2,000 or more per year less than above. In the *Reporter*, first year category, the difference is about $700.

The Guild also has contracts with the non-newspaper McMurray Publishing Company and with editorial employees of Baton Broadcasting Limited, CFTO-TV.

Until 1968 the Guild had a contract in force with the Peterborough *Examiner*. During that year an unsuccessful strike terminated the relationship. At that time the top classification, editorial writer, was making $7,280; senior reporters and deskmen between $5,720 and $5,830.

As a general proposition the overall influence of Guild rates, while real, is tempered by regional considerations, except for the few papers directly competitive with Guild papers (e.g., the Hamilton *Spectator* and the Ottawa *Journal* are known to match closely Toronto Guild and Ottawa *Citizen* Guild base rates respectively).

On the Prairies Edmonton, Calgary, Regina and Winnipeg, although there are fluctuations among them, by and large set the base Prairie rate.

It is reliably estimated to be, on average, 10% lower than the prevailing Vancouver Guild rates.

These newspapers, in turn, recruit staff and help set the rates for all the smaller dailies in Manitoba, Saskatchewan, Alberta and, to a considerable extent, interior British Columbia.

These rates in the various categories can vary between 10 and 20 percent *below* the Prairie "big city" average.

In Ontario the base rates work down from the Toronto plateau in ratio to newspaper circulation. Very small dailies might be as much as 40 percent below the higher categories, 25 percent below in the lower categories.

In Quebec Montreal sets the pace with the French-language press on a rough par with Toronto Guild level. From there the same downward variation appears to be operative throughout the province – 40 percent to 25 percent.

Insofar as Quebec is concerned the English language Montreal press constitutes a finite minority factor. Up until recent months the *Star* would have been estimated at approximately 5 percent below Toronto Guild rates; the *Gazette* as much as 10 percent in some areas. Recent editorial changes within the *Star* may have contributed to closing that gap.

In the Maritimes the major cities are estimated at 25 percent below Toronto Guild, with the newspapers in smaller cities running 10 to 30 percent below the major cities in the higher categories.

The foregoing makes possible the general statement that in Canada the great majority of working newspapermen and women earn from their direct employers less than $9,000 per annum.

Another major general factor influences these rates of pay, in addition to the Guild and regional considerations. This is the negotiated salary progress of the internal mechanical unions.

It is estimated that on papers from 5,000 to 50,000 circulation editorial employees tend to earn less than mechanical union employees; from 50,000 to 150,000 an unacknowledged rough parity tends to exist, with the editorial employee sometimes following the mechanical employee by about a year in annual increments; past 150,000 the relationship tends to reverse, although not in great degree. This is a rough rule of thumb only and there are exceptions.

Another influence may be starting to come into force – that of salaries for comparable work in the broadcast industry. While remuneration for newsmen in local, regional, radio and television stations would not appear to differ significantly from newspapers in the same locale (individual "star" newscasters excepted), the

unionized newsroom employees of network television, public and private, are now tending to earn as much as $1,000 or $2,000 per annum more than counter parts in newspapers. This may have an effect on Toronto Guild levels, which in turn would radiate throughout the country.

A final influence, difficult to quantify, but believed to exist in relation to the larger regional newspapers, is that of the Canadian Press. No detailed inquiries were made in relation to this agency in the knowledge that an additional, separate study was being conducted of its operations.

However, it is understood in the industry that CP staffers in centres other than Toronto, Ottawa and Vancouver tend to be more highly paid than the resident locals – a situation which leads to comparisons, and presumably, some local pressure.

ADDITIONAL INCOME

It is stressed again that all the foregoing salary levels are, in the case of Guilds, minimums, and in the case of everyone exclusive of outside earnings. The fact is that a significant proportion of Canadian newspapermen augment their incomes in large or small degree. The source can be either inside the newspaper or, perhaps more frequently, outside.

INSIDE ADDITIONAL REMUNERATION

On Guild newspapers the minimums are just that. The individual can negotiate his own terms at a higher level, although it is difficult to estimate how many succeed in this. It is reasonable to suppose, for instance, that columnists with large followings succeed in making more lucrative arrangements in a competitive market such as Toronto. The same would apply in that market to reporters and deskmen of acknowledged professional standing.

By the same token, however, this bargaining factor tends to be greatly diminished outside Toronto. Relatively speaking, there appears to be much less movement of personnel between papers in Ottawa, Vancouver, Winnipeg, Victoria and Montreal. Only when one paper is indisputably dominant and the other traditionally marginal, e.g., Calgary *Herald* and Calgary *Albertan* respectively, is there a predictably steady flow, and that is in large part (although not entirely) one-way.

Even in the Toronto situation there is some evidence to suggest that trade gossip tends to magnify the number of persons receiving salaries in excess of Guild minimums.

However, the Guild does provide another potent income factor – that of paid overtime at rates varying between time and a half and double time depending on time of work and contract provision.

This is known to be a substantial factor in the income of many Guild newspapermen, particularly in the case of reporters whose work often does not or cannot fall into a seven-hour or eight-hour time span and which is not always of an easily shared nature.

It is also fairly common for reporters or deskmen assigned to one primary function to possess skills, such as theatre or music reviewing, or specialized columns of one sort or another, which are performed for the newspaper on off hours on a fee basis.

Very occasionally, perquisites of office can affect the standard of living of a working newspaperman. These can include full time use of a company car, or a mileage allowance for a personal car large enough to remove this form of transportation from the family budget. In a very few cases, on certain types of assignments, (Parliamentary Press Gallery, provincial legislative press galleries, sports), travel allowances, and expense accounts may be sufficiently generous to have a bearing on net personal income.

Some newspapers permit selected employees to "turn out" advertising supplements of the type which surround advertising with so-called "editorial" matter (gardening, travel pages) on a fee for column basis, the work often consisting of processing press release material derived from the advertiser.

Finally, a small number of papers include home produced "magazines" or supplements, the material for which is largely staff produced, but on a separate fee basis.

This section cannot hope to touch all internal sources (for instance, book and record review editors have been known to turn tidy profits on the wares presented to them free by the issuing companies) but most principal sources of direct cash are included. (For others see Paternalism, below).

OUTSIDE ADDITIONAL REMUNERATION

This falls into two broad categories:

1 Radio and television broadcasting. While the influence of newspapermen on national network news and public affairs appears to be stabilizing and even declining (and thereby affecting the incomes of the people involved, largely members of the Parliamentary Press Gallery) a considerable number can still be heard and seen. It is possible for a newspaper correspondent of stature in Ottawa to augment his income in this manner by several thousand dollars a year.

At the same time there are signs that regional and local use of resident newspapermen on television and radio is actually increasing as newspaper publishers gradually discard a previous marked antipathy to their people associating with a "competing" medium. While the rates of pay are not comparable to network broadcasting it is possible to augment one's income by \$100 to \$150 a month in this manner without undue strain.

2 Writing for other publications etc. This activity is of great significance to people on the larger regional newspapers. Upwards of 200 Canadian periodicals of one sort or another are estimated to buy material from non-staff freelancers or stringers. Many of these revolve around a core staff in Toronto or Montreal and depend for much of their editorial matter upon moonlighting newspapermen across the country.

The rates are not high individually, but the work is not usually difficult or time consuming for a competent newspaperman who can, with a small string of trade magazines to his name, add \$100 to \$200 a month to his income fairly easily.

The Toronto newspapers also maintain stringers in various regional centres, and such groups as the Southam newspapers exchange articles written by staffers on a fee basis.

In larger cities one, and sometimes two or three newspapermen can make considerable sums of money working for *Time* Magazine. This work is more strenuous but is also more lucrative.

(By way of personal illustration this researcher was able to count on $3,600 annual income above his base salary in Calgary nearly ten years ago – from *Time* Magazine and the *Globe and Mail* only.)

Also, there are numerous local projects with which the newspaperman can busy himself – such as producing newsletters and annual yearbooks for organizations, writing advertising copy for advertisers in his own newspaper (this last is often rewarded in kind, not cash) or turning his hand to radio continuity.

The practice of writing speeches for politicians and others is declining but not yet dead.

Sportswriters are often asked to contribute articles to programs, at a fee, for professional sports. Those less senior, doomed to coverage of intermediate and junior sports, sometimes act as time keepers or perform other officials functions for a fee, on the theory that they have to be there anyway.

Political writers receive a variety of state emolument ranging from use of subsidized Parliamentary facilities in Ottawa, to the outright payment of $100 granted per session by the Saskatchewan legislature to its attendant reporters, to the Ontario system of permitting reporters to act as secretaries to committees at a fee.

Many newspapers have arrangements whereby photographers share the proceeds of the sale of reprints of pictures used in the paper.

Editorial cartoonists are often bombarded with requests for extra work at a fee.

Taken together, these two diverse categories constitute a large but incalculable pool of extra income for the newspaperman.

PATERNALISM

It should be noted that the concept of employer as protector is by no means dead in Canadian journalism, including group and chain proprietors and even some newspapers which negotiate with Guilds.

Stories of Christmas Eve firings and the jocular savageries of *The Front Page* notwithstanding, Canadian reality abounds with cases wherein the physically ill, alcoholics, persons in deep personal, emotional or financial difficulty, the elderly or partially disabled, have been maintained by their newspaper employers far beyond any requirement of law or any moral standard applicable to industry in general.

Apart from this aspect, which is difficult to quantify but which is more widespread than is commonly supposed, some newspapers strive on a calculated basis to retain a nucleus of key non-management personnel.

Thus, longterm reporters might be found to have low-interest loans from their employers for the purpose of house-buying or various perquisites such as club memberships which are denied the rank-and-file.

Other people's money can sometimes be employed to this end with good effect. The entire travel industry, and a considerable sprinkling of foreign governments, regularly ask editors of papers of medium-size and larger to despatch personnel on expense-paid trips to all manner of interesting places.

Distributed judiciously among the staff these trips can make for excellent employee-employer relations on one hand – and confer upon the individual a substantial benefit on the other. He makes trips to places he could never afford on his basic salary.

Most newspapermen appear to actively enjoy travel, and the amount of travelling one does is still a barometer of one's success in the field.

Most newspapers of any size pay for a good many "out of town assignments" on their own, of course. These, too, are much prized by staff. People earning $7,000 to $10,000 a year are permitted to live for a few days on a scale usually enjoyed only by affluent businessmen or wealthy private citizens.

EXECUTIVE OR MANAGEMENT STATUS

A substantial number of non-union papers extend the umbrella of this status farther down the ladder than might be the case in many industries, to the assistant city editor level and even below.

Some papers make a very conscious differentiation between management and staff, according the former generous expense accounts, and other perquisites, which are denied the general run of staff.

CONCLUSION

It has been demonstrated that the newspaperman is not highly paid in basic terms, but he does have access to additional income by virtue of being a newspaperman, and he does have frequent opportunities to live briefly on a scale enjoyed only by a minority of Canadians. However, it is still a business with a heavy turnover of personnel. The linkage of salaries to circulation size is superficially supported by logic and economics, but it denies the fact that a properly written story, or a properly edited story, demands similar competence whether the readership is 25,000 or 225,000. The effect of this imbalance is to keep newspapermen on the move to ever bigger papers if they wish to secure bigger salaries. Yet the turnover is large on bigger papers, too. Reporters have a discernible tendency to desert the business when they approach forty. There is a high rate of turnover among the university graduates who have entered newspapers in increasing number during recent years. It is impossible to measure the effect of salary levels on these personal decisions, but it is true to state that editorial departments in Canada, by and large, lack the stability that accrues to most other organizations.

One final point, not immediately germane to this paper but mentioned as a matter of interest – discrimination against women in both financial and job-opportunity terms appears to be a marked feature of newspaper editorial departments.

Chapter 3:

TECHNOLOGY AND RESEARCH

BROADCASTING

Few industries are undergoing such rapid technological innovation as the television and radio broadcast industry. To quote one industry spokesman: "Things are moving so fast the equipment you order today will be obsolete by the time it's installed." As might be expected in such an environment, research and development is vital to manufacturers of broadcast equipment and there is no shortage of funds allocated for the purpose. The broadcast field seems to have adapted extremely well to this technology. The competitive nature of the broadcast business is probably the largest single influence underlying the industry's willingness to embrace and adjust to new technology. As a relatively new and essentially innovative field, broadcasting has not been hampered by long-held traditions and practices, and the technological orientation of broadcast employees has encouraged adoption of new techniques and equipment. Much of the equipment used in broadcasting has a relatively short usable life, which has also aided the process of technological change.

Technological research is mostly confined to manufacturers and is largely aimed at gaining a competitive sales advantage. As a result, manufacturers are extremely conscious of the need to determine where technical deficiencies lie, and thus, potential for equipment sales. From the user's standpoint this has provided an extremely wide choice of equipment and an ability to match operating requirements with equipment specifically designed for his purposes.

Larger stations have engineering staff to assist management in evaluating and selecting new equipment. Smaller operations are also well-served through technical advice from the Canadian Association of Broadcasters, professional consultants, and through informal exchanges with non-competing stations.

Relatively little technological research in this field is initiated in Canada. Much of the manufacture of broadcast equipment in this country is based on American-parent-company research or is produced under licence. C.A.B. sponsors no ongoing research programs and sees no real need for such activities in light of the massive investment in research by American and other interests, most of which is applicable to Canadian conditions. The CBC development department undertakes original research into technology required to meet unique Canadian conditions, particularly with respect to providing broadcast service to thinly populated areas. Two notable

results of this research are the non-connected television package – a videotape-fed remote station that can be operated by relatively unskilled hands – and the low-power repeater transmitter used to bring radio service to remote communities. Because of the extremely high cost and low financial return of such facilities, private broadcasters have displayed no interest in developing northern service.

Two other research-oriented bodies operate at the industry level, the Canadian Telecasting Practices Committee, and the broadcast industry Technical Advisory Committee. The former is largely interested in establishing broadcast industry technical standards; it is, for example, working with color film manufacturers to arrive at specifications for color film intended for television use. The T.A.C. represents the CBC, private interests, and consultants and has as its primary aim the determination of ways to make broader use of the broadcast spectrum. One T.A.C. project involved research into the use of adjacent television channels in the same community. The project was abandoned when no private sponsors could be found to carry the cost of practical tests, estimated at $250,000. Preliminary research in this case was financed by a private station.

AUDIENCE RESEARCH

One area where research funds are amply available is audience research. Large sums are expended each year to find out what Canadians are watching and listening to by such organizations as the Bureau of Broadcast Measurement, Neilsen Ratings, the CBC Research Department, trade associations, and *ad hoc* audience studies sponsored by advertising agencies and individual stations.

Quantitative measurement of broadcast audiences has thus been well-served, but Canadian research into the qualitative aspect of programming has been minimal. It appears that very little money is being spent to determine why Canadians tune in to a particular program or to study the sociological implications of programme content.

The situation in the United States is sharply different. Most major American universities have ongoing research programs, many financed by grants from the national networks.

Studies of this nature have had a significant effect on program content, particularly in the recent move to de-emphasize violence on television. The lead in the United States was taken by academics who initiated original research on an unsponsored basis. The networks subsequently saw the value of this work and in addition to providing funds for further research, applied many of the findings to their programming. The greater emphasis on news and information programming is attributed in part to a wider appreciation of television's potential as revealed by sociological and communications research.

According to John E. Twomey, director of communications at Ryerson Polytechnical Institute in Toronto and a former CBC staff member, Canadian academicians have not displayed a similar interest in communications research and few universities have adequate facilities for such studies. He points out, however, that Canadian broadcasters do not seem to have made any strenuous effort to encourage the academic community to undertake research in the field. No formal

system of research grants is maintained by either private or public broadcasting interests on an individual or a collective basis.

A spokesman for C.A.B. commented that the association co-operates, whenever it is approached, in studies of Canadian broadcasting but that most enquiries come from American sources. Both Mr. Twomey and the C.A.B. spokesman indicated that the last few years have produced signs that the academic community is becoming more aware of the research potential in communications.

The relatively small number of research papers available and the absence of any industry sponsored activities would suggest that both industry and the academic community have been less than aggressive in their approach to the question of program content and its sociological implications.

Canadian Radio – Television Commission Chairman Pierre Juneau was quoted recently as saying that C.R.T.C. will be developing program policies during the present year. The commission has authority to conduct research under the Broadcasting Act of 1968, which directs C.R.T.C. to "undertake, sponsor, promote or assist in research relating to any aspect of broadcasting." In the absence of qualitative research into the social and cultural effects of program content originating from academic or broadcast industry sources, C.R.T.C. may in future play an enlarged role in this important area.

THE NEWSPAPER INDUSTRY

Lord Thomson of Fleet had this to say about newspaper industry attitudes toward technological change:

> The newspaper industry has been remarkable in the past for its lack of any radical technological innovations over a long period. Much of this has been due to the cautious attitude of management, with its vast investments in heavy, conventional equipment, backed by the conservatism of the trade unions which have been suspicious of the effects of new methods on security of employment.[1]

A contributing factor to the pervasiveness of these attitudes through the industry has been the limited competition between newspapers serving individual markets. This essentially non-competitive environment has not produced the needed incentive for ongoing development programs of the type seen in many other industries. Several publishers in reply to our questionnaire commented that their competitive position has not forced them to seek faster and cheaper ways of production. The publisher of a leading daily in Ontario noted that lack of competition among newspapers in most major markets has helped to impede technological improvement in the industry.

While there have been few compelling pressures from within the industry for innovation over the years, recent developments outside the industry – such as television, rising wages, and the conglomerate corporation – have produced the necessary stimuli for technological change. As a result, the last fifteen years and less have seen significant changes in newspaper technology and a discernible shift in management approach.

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[1] Canadian Printer and Publisher: February 1969.

Put another way: the Canadian newspaper – at least in its non-editorial functions – seems firmly set on the road to becoming more identifiable as a modern business, motivated by the same considerations of corporate growth and profitability as other business organizations. One result has been a continuing rationalization of the industry into larger and more viable corporate units, recruitment of professional business managers, and a seeming willingness to embrace new technology and new business techniques.

It is difficult to determine cause and effect. For example, did the emergence of groups owned by individuals and organizations not previously associated with newspapers provide the catalyst for proprietors to become acquisition minded, or were outside interests attracted to the opportunities revealed by the formation of larger units within the industry? Similar questions can be asked about other developments in the industry. Is the increasing use of professional business managers an underlying reason for the greater emphasis on technological innovation in newspaper operations and administration, or are they being recruited because of the growing complexity of the business? To what extent are decisions to modernize plant and equipment influenced by the availability of new and more efficient machinery, by the need to replace present equipment at the end of its usable life, or by the need to automate because of rising labor costs?

These and other questions bear importantly on the direction future development will take.

At present, the main thrust would seem to be aimed at upgrading the technological and administrative efficiency of the industry – and thus its ability to cope with prevailing social and economic forces. There seems little doubt that the industry is undergoing a period of intense self-examination so far as its operations are concerned, which will undoubtedly have implications for further technological change over the short-term.

Rising costs are frequently cited as one of the major problems faced by publishers and industry attention is clearly focussed on finding solutions. Frank G. Swanson, publisher of the Calgary *Herald* had this to say on the subject:

> There seems no doubt that the over-riding problem that will face the Canadian newspaper industry and individual newspapers in the months and years ahead is in doing something to overtake the fantastic cost spiral which has beset all of us. Labor charges, material costs and the cost of just about everything that go into the production of a daily newspaper have risen or will be rising sharply. The answer, apart from making every possible economy, lies in the direction of raising further revenues. . . .[2]

John Bassett, publisher of the Toronto *Telegram*, echoed these sentiments, but added another dimension to the introduction of technological change: "The problem of rising labor costs can be met through reasonable negotiations with unions which will provide publishers with the right to avail themselves of new processes while protecting existing jobs."[3]

Union resistance was cited by most publishers approached as the greatest impediment to technological change in the industry. The strongest statements

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[2] Canadian Printer and Publisher: February 1969.
[3] Op. cit.

concerning union reluctance to go along with a greater degree of automation came from Ontario and British Columbia, but whether this indicates a higher rate of technological innovation in those areas or a lower content of unionized labor elsewhere is not known.

Craft trades attitude to automated operations is a predictable one. Unlike their counterparts in other industries, tradesmen in the printing and allied newspaper trades have skills which are for the most part non-transferable. When the requirement for their particular skill in the newspaper industry ceases to exist, therefore, their status and job security are threatened. Consequently, technological change thus far has been regarded with deep suspicion and often, hostility on the part of unionized crafts. The result has been what publishers term "restrictive" union practices built into labor agreements providing for duplicate staffing of jobs replaced by automation, high journeyman wage rates for comparatively simple jobs on new processes and in some cases, refusal by unions to go along with planned technological change. A complicating factor has been the number of craft guilds representing employees in a particular organization. Problems of union jurisdiction frequently arise when jobs are reorganized because of new technology.

The major technological changes affecting craft trades have been made by the large newspapers. Data elsewhere in this report would suggest that neither corporate nor union interests have been unduly harmed in the process.

The problem takes on a somewhat different dimension when applied to smaller newspapers, however. For some, the decision to automate may be the only route to financial survival or to continued independent operation. Union resistance to such change could endanger the operation. By the same token, while craft tradesmen see their job security threatened, they may find themselves in an inferior bargaining position to their counterparts on the large newspapers.

It is worth noting that while some organizations – notably the large metropolitan dailies – have faced hard bargaining with unions when introducing certain new equipment, the craft trades generally have taken a realistic approach in their demands on smaller and economically less viable operations. As a result, a number of changes have been accepted in some newspapers without the same concessions demanded elsewhere. Whether this is union policy or is at the discretion of individual locals has not been determined.

Introduction of new technology is an expensive proposition requiring heavy capital investment. While all publishers point to the high cost of new and improved equipment as an impediment to plant modernization, for many Canadian newspapers it is a financial impossibility. The following comment summarizes the position many newspapers find themselves in:

> It should be recognized that many new developments in the industry are as yet beyond the reach of newspapers of the limited resources of the smaller city newspaper. Such developments as photocomposition and the use of sophisticated computers should be reported on by larger city newspapers which already are using them. Much of this equipment is still beyond our reach.

Another publisher stated his position more bluntly:

> At 54 years of age, you are loth to make a capital expenditure of $200,000 or more (compared with the present estimated worth of the business of $300,000) even if the required capital could be raised in the current tight money period.

This publisher saw selling to a younger man or to a group as the only hope of introducing new technology into his operations. But even with the financial resources of a group to draw from, the problem still remains for many, as the following comment from the publisher of a western daily partly owned by a national group indicates:

> There is one major impediment in the way of technological advancement: the extremely heavy capital costs of traditional printing equipment.
> A newspaper of this size requires seven or eight linotype machines worth approximately $30,000 each; and a 24-page press with a replacement value of close to a quarter of a million dollars. The weight and size of this equipment is such that even when replacement occurs, it usually is necessary to house them in specially constructed plant additions which, of course, increase still further the capital cost outlay. To make a full recovery of capital, presses are operated over scores of years and this length of time mitigates against easy acceptance of new techniques when they are developed.

While the financial considerations pose a formidable barrier to technological change, there are indications this may not be the only factor influencing the rate of plant modernization. Newspapers of all sizes referred to such sophisticated equipment as computer typesetting when asked about significant developments in the industry, but generally with the rider that these were feasible for the large dailies. Very few mentioned technological advances they considered applicable to their own scale of operations, suggesting either there have been no developments of significance to the smaller plant, or that dissemination of information in this area is inadequate. In light of the strides made in the development of small, relatively inexpensive computer type-setters, photo composition, offset printing, computer time-sharing for administrative functions – all with significance to the smaller enterprise – the latter would seem to be the case.

A number of publishers referred to the lack of research in Canada on matters related to newspaper technology; others commented that too little money is available for research purposes. Both views would seem to be substantiated, but it is debatable whether the deficiency of research or research funds has been particularly detrimental to the industry.

In view of the limited market and the wide range of equipment needs of the different-sized newspaper operations, Canada has been unable to develop a printing equipment industry that could compete with manufacturers in the United States, France, Germany, and the United Kingdom – the principal suppliers of machinery to the newspaper industry. The international market is extremely competitive and manufacturers have turned increasingly to research and technological innovation to build product acceptance. Canadian users have benefited from research on a scale that would not have been possible on a national basis, with the added advantage of being able to draw on the experience of users around the world.

The American Daily Newspaper Association maintains an extensive research centre to conduct original research and testing of new technology. Many Canadian daily newspapers are members of the association and thus have access to information from the centre. The Canadian Daily Newspaper Publishers Association also maintains a continuing liaison with the centre through its research committee and has a full-time research director on staff. Some original research work is done in Canada under the auspices of the C.D.N.P.A. and cooperating newspapers,

particularly in the fields of graphic arts and inks. Individual engraving and allied companies conduct limited reserach programs, mostly oriented to product improvement rather than original research.

From the foregoing, it would seem that technological improvement has not been hindered by the relative lack of research in Canada. Indeed, it could be argued that Canadian newspapers have been very fortunate in having access to the benefits of technological research without carrying the full burden of its financial costs.

The dissemination of technological information within the industry, however, is at best uneven and informally organized. Manufacturers' representatives appear to be the chief source of information on new products and processes – a source that may not provide wholly objective comparisons of performance and other data.

Other sources of technological information are trade journals and periodic bulletins issued by the C.D.N.P.A. The Canadian Weekly Newspapers Association has no system for providing technical information for its members.

In the case of the large daily newspapers, this situation poses no major problems. Most have specialist technical staffs capable of analyzing and evaluating the potential application of new technology. Even here, however, there are indications that co-operative sharing of technical information is not widely practised. Offset printing, for example, is regarded by many publishers as a major and significant development for daily newspapers. Many others question the economics of offset, while still others maintain that letterpress is a superior process. No organized industry activity is evident to collect and evaluate operating experience of companies using offset equipment.

The seemingly low priority assigned to the dissemination of technical information may indicate lack of recognition by the industry of the potential self-interest value of such activities. In other areas, notably measurement of the effectiveness of newspaper advertising, the industry has been in the forefront in initiating research and has pioneered new research concepts in audience evaluation. In what is believed to be the first undertaking of its kind anywhere, in 1967 C.D.N.P.A. introduced a continuing research program aimed at measuring the cumulative effect of newspaper editorial and advertising content on a community. Studies have been conducted in centres in Ontario, Quebec, and Manitoba. Certain elements of study findings are confidential to individual newspapers but most of the information collected is made available through C.D.N.P.A. for use by the industry as a whole.

One publisher had this comment:

> More rapid advances in new equipment and techniques might have been accomplished if top management had had a broader understanding of how new technology could be utilized. The chief impediment to the future of the newspaper industry will be a reluctance to accept the necessity within the trade itself.

To what extent a freer flow of technical information within the industry would aid management in decisions related to technological change cannot be determined. But it would undoubtedly be beneficial to the smaller components of the daily and weekly newspaper industry.

The weekly segment of the newspaper industry is at present the poorest served by information of this type, yet the benefits to be gained from a wider use of new

technology or new methods of production might well have greater significance in their overall economic position. Co-operative use of printing and computer facilities by independent weeklies within a geographic region, for example, could permit proprietors to employ technology now outside their financial reach.

Chapter 4:

POSTAL RATES AND THE POST OFFICE

POST OFFICE FINANCIAL SITUATION

When the Honourable Eric Kierans took office in 1968 as postmaster-general, he noted that the single largest contributing factor to the deficit of the Post Office was second-class mail. About half as large a deficit was incurred through each of first- and third-class mail.

The postmaster-general is permitted to adjust third- and fourth-class rates without parliamentary approval. However, first and second class rate changes require Parliament's assent. Hence, Mr. Kierans reviewed the old Post Office Act establishing rates and introduced Bill C-116. According to a notice to publishers from the deputy postmaster-general on November 27, 1968, Bill C-116 aimed:

> "to take a long step towards assuring that second class mail pay its fair share of postal costs by substantially increasing the relevant postage rates"

and

> "to modify and clarify the terms and conditions under which the statutory second class rates apply and thereby establish a more logical basis for determining the entitlement to second class privileges."

DEFICIT

Table 144 gives the actual and estimated deficits of the Post Office as derived from all classes and services. The estimates are taken from the financial statements presented to Parliament in October, 1968 to justify assent to Bill C-116. The actual deficits are found in the annual reports of the Post Office for 1968 and 1969. The Post Office fiscal year ends March 31. Hence the 1967 fiscal year, for example, extended from April 1, 1967 to March 31, 1968.

In 1967 the Post Office incurred a deficit of $67.2 million. It was thought this would increase to $99.7 million in 1968 and to $131.8 million in 1969, if first and second class rates were not increased.

The increases in first and third class rates became effective November 1, 1968. However, second class rate changes were delayed until April 1, 1969 and hence did not effect the financial state of the Post Office in the fiscal year 1968. The effect of first and third class increases was felt for four of the twelve months.

Table 144. Summary of Post Office Deficits

		$
1967	Actual[1]	67,191,044
1968	Estimated without postal rate increases[1]	99,654,000
1968	Estimated with postal rate increases[1]	63,570,000
1968	Actual[2]	88,187,000
1969	Estimated without postal rate increases[1]	131,788,000
1969	Estimated with postal rate increases[1]	40,527,000

[1] Financial Statements and Details of Proposed Rate Adjustments - Canada Post Office: October, 1968

[2] Annual Report - Canada Post Office: 1969

For this reason, at least in part, the actual deficit of the Post Office for the year ending March 31, 1969 ($88.2 million) was more than the estimated amount assuming imposed rate increases but less than the estimate with no changes in rates. The staggered introduction of second class rate increases – April 1, 1969, November 1, 1969 and April 1, 1970 – also means that the estimated deficit for 1969-70 (assuming rate increases in existence) will also be somewhat too low, even if no other factors had to be taken into account.

REVENUE/COST IN 1968–1969

Obviously the intent of the rate increases is to expand revenue at a faster rate than costs, thereby reducing the deficit. In 1968-69 the Post Office increased revenue to a record high of $374.9 million, an increase of 11.2 per cent over the year before. In the same period costs increased by 14.5 per cent to $463.1 million, thereby increasing rather than reducing the deficit.

The main factors to affect costs were salaries and employee benefits. Salary disbursements rose from $223.6 million to $266.9 million (14.9 per cent) and employee benefits from $17.0 million to $32.2 million (89.7 per cent).

Effective February 17, 1969, six weeks before the end of the fiscal year, came the cessation of Saturday urban postal delivery. This change, it is estimated, saves the Post Office $13 million annually.

LOOKING AHEAD

If the rate changes are to achieve their objective, it is obvious that use of the postal service must remain constant or preferably increase, and that costs must be kept at the lowest possible level.

Although this examination does not concern itself in detail with mailings other than publications, Table 145 is interesting because it indicates the reduction in the use of mail service in first, second and fourth classes, even though the rate changes for first and fourth existed for only four months of the year and had not yet

occurred for second class. It should be remembered that this fiscal year coincided with increasing economic prosperity which should, it can be presumed, expand communication.

Table 145. Number of Pieces of Mail Carried

	1967/68	1968/69	Net Change
	(000's)	(000's)	(000's)
First Class Mail	2,586,377	2,531,654	−44,723
Second Class Mail	694,346	673,133	−21,193
Third Class Mail	1,331,374	1,375,110	+33,746
Fourth Class Mail	96,560	85,446	−11,114
Special Mail Services	31,288	28,540	− 2,748
Government of Canada Mail	257,680	263,063	+ 5,383
Total Number of Pieces of Mail	4,997,625	4,956,946	−40,679

The effect of rate changes on publications is examined further in the following section.

Whether costs expanded faster in 1969-70 than revenue will have to await the release of the 1970 annual report. In 1969-70, a good year economically and a year without renewal of postal union contracts, it would seem the deficit ought to be substantially reduced. However, it would seem equally likely that the 1970-71 deficit may again increase. As of the end of July, 1970, four months into the fiscal year, the Post Office had been crippled for over two months with rotating strikes which forced business and public alike to use alternate systems of distribution. Another considerable increase in postal salaries and employee benefits is anticipated. Tighter money generally could affect the number of pieces of mail transferred.

Nor could it be estimated in mid-1970 whether the alternate systems of distribution being used during the strike would be entirely dropped in favour of the postal service, which has failed for a number of months in two of the past three years.

EFFECT OF BILL C-116 ON PUBLICATIONS

Almost without exception, publishers of all types of printed matter testifying before or submitting briefs to the Special Senate Committee on Mass Media were critical of the Post Office. If daily newspaper publishers have been less vehement in their criticism, it is because they rely on the Post Office less as a means of distribution. However, some of the complaints came from those dailies with exceptionally high proportions of mail circulation as will be illustrated later.

QUALIFICATIONS AND RATES

Before the assent to Bill C-116 almost every commercial and non-commercial publication qualified for second class rates. Following it, publications found themselves reclassified to higher and different rate structures within second class or shifted to third class with even higher rates. Bill C-116 excluded from second-class

statutory privileges unpaid-circulation publications, periodicals published by associations, unions, co-operatives or local church congregations, and house organs. In addition, semi-weeklies were reclassified as dailies at the highest of the second class statutory rates.

Table 146 summarizes the rates applying to different types of publications prior to and after the changes. Only the final of three rate increases is shown.

Table 146. Postal Rates Before and After Bill C–116.

Categories of Publications	Previous Rates	Revised Rates (Max.) (2nd class statutory unless otherwise stated)
PAID-CIRCULATION COMMERCIAL		
Daily Newspapers Circulation:		
10,000 or more	2½¢/lb. non-adv. 4¢/lb. advertising	5¢/lb. non-adv.
Less than 10,000	2½¢/lb.	15¢/lb. advertising 2¢/piece minimum
Semi-Weeklies Circulation:		
10,000 or more	3¢/lb.	
Less than 10,000	2¢/lb.	
Weekly Publications Newspapers and Magazines		Newspapers:
Circulation:		5¢/lb. 2¢/piece minimum plus free zone privileges for those under 10,000 circulation.
50,000 or more	3¢/lb.	
10,000 – 49,999	2½¢/lb.	
Less than 10,000	1½¢/lb. plus free zone privileges	Magazines: 5¢/lb. 2¢/piece minimum
Monthly Publications General Interest		
Circulation:		
10,000 or more	1¾¢/lb.	5¢/lb.
Less than 10,000	1½¢/lb. plus free zone privileges	2¢/piece minimum
Special-Interest Publications (agriculture, science, religion)	1½¢/lb.	5¢/lb. 2¢/piece minimum
Quarterly Publications	2¢/lb.	5¢/lb. 2¢/ piece minimum unless a catalogue or directory thereof (4th class with variable rates)

Table 146. Postal Rates Before and After Bill C–116. (Continued)

Categories of Publications	Previous Rates	Revised Rates (Max') (2nd class statutory unless otherwise stated)
UNPAID-CIRCULATION COMMERCIAL Same as above according to frequency and circulation		3¢ first 2 oz. 2¢ each additional oz. or part thereof (2nd class regulatory)
UNPAID-CIRCULATION ASSOCIATION Same as above according to frequency and circulation		5¢ first 2 oz. 3¢ each additional oz. or part thereof (3rd class)

It is obvious from this table that circulation size privileges, whether for daily, weekly or monthly publications, have been lost. Hence the increases for smaller publications (which tend to be less profitable) have been relatively more than for larger publications.

Unpaid circulation publications which in July, 1970 paid a rate equivalent to 31¢ per pound (3¢ first 2 ounces and 2¢ each additional ounce or part thereof) are severely taxed in relation to paid circulation publications at 5¢ per pound, but not as severely as association publications at 47¢ per pound (5¢ first 2 ounces and 3¢ each additional ounce or part thereof).

Previously for a one-piece mailing, the postage was computed at a fraction of the per pound rate. Now there is a 2¢ per piece minimum. It was not uncommon for a weekly to be paying $^1/_2$¢ per piece. These particular weeklies have experienced a 400 per cent increase in postage.

EXAMPLES OF EFFECT OF RATES

Daily Newspapers

Because of their need for fast delivery, daily newspapers are seldom distributed by mail. In total less than 10 per cent of their circulation is by mail. The exceptions occur mostly in Quebec where the number of newspapers per capita is less than in most other provinces and where production is concentrated primarily in Montreal and Quebec City. Also relying on mail are the daily papers circulated nationally such as the *Globe and Mail Report on Business* and the *Daily Oil Bulletin.*

Table 147 shows the average number of copies distributed by mail for a select number of dailies in 1968 and as estimated for 1971. It lists average weekly circulation for eight dailies and two special cases – the St. John's *Evening Telegram* weekend edition and *Globe and Mail Report on Business.*

Table 147. Postal Costs of Daily Newspapers (2nd class)

Name of Publication	1968 Mail Circulation Per Issue	1968 % of Total Circulation	1968 Annual Cost	1971 estimated Mail Circulation Per Issue	1971 estimated % of Total Circulation	1971 estimated Annual Cost
	#	%	$(000)	#	%	$(000)
Globe and Mail (Toronto)	12,788	4.9	113.3	7,500	2.7	181.6
Le Droit (Ottawa)	6,978	37.1	867.2	1,500	3.5	131.3
Daily Record (Sherbrooke)	4,967	57.1	6.2	1,100	13.8	7.5
Guardian (Charlottetown)	11,140	65.4	32.4	7,950	47.0	72.5
Journal (Ottawa)	4,907	6.1	42.8	2,200	2.6	91.8
Daily Star (Toronto)	5,000	1.2	59.5	3,800	0.9	155.6
Standard Freeholder (Cornwall)	1,901	13.2	5.8	1,563	10.2	14.4
Daily Courier (Kelowna)	1,035	13.2	1.9	800	8.1	7.2
Miner and News (Kenora)	400	9.8	0.4	400	9.4	2.4
Evening Telegram (weekend edition) (St. John's)	13,865	27.1	28.0	8,000	16.0	31.2
Report on Business, Globe and Mail	16,791	100.0	15.0	24,850	100.0	119.0

[1]Source: Mail Circulation Study completed by Special Senate Committee on Mass Media staff: July, 1970

The table illustrates the extensive reduction in the amount of circulation distributed by mail which still, due to the dramatic rate increases, resulted in a substantial increase in annual cost to the publisher. The overall annual cost increase to the Sherbrooke *Record* appears surprisingly low. However, this reflects a reduction in mail circulation from 57 per cent to 14 per cent of its total and a reduction by forty in the number of issues annually.

It would be a mistake to accept that the increased postal rates are the only cost to publishers caused by the Post Office. Newspapers finding it too expensive or too slow to ship by mail have been forced to expand home delivery service. In raising subscription rates to cover postal charges, many lost subscribers. Most subscribers receiving only weekend editions by mail were lost with the cessation of Saturday delivery.

Claude Ryan of *Le Devoir* explained to the Senate Committee how the Post Office changes had cost him $89,000 more in 1969 than in 1968. The paper's 50 per cent increase in subscription rates more than offset the increased postal charges. It was the secondary costs that left the paper in a losing position. (See Table 148.)

Table 148. Le Devoir Postal Costs Direct and Indirect 1968-69

Additional revenue from mail subscriptions renewed in 1969	+ $55,000
Increase in postal charges (up from $3.00 to $6.50 per subscriber annually)	− $42,000
Sub-total	+ $13,000
Lost 2,000 mail subscriptions which could not be placed on home delivery	− $50,000
Home delivery to 3,500 subscribers in more than 15 communities, previously mail	− $42,000
Lost 1,200 subscribers by mail to Saturday edition only (no Saturday delivery)	− $10,000
Total loss	− $89,000

The weekend edition of the St. John's *Evening Telegram* was always distributed broadly throughout Newfoundland and the other Atlantic provinces. In order to cover postal costs, the subscription price was raised and the paper lost 1,400 subscribers. Cessation of Saturday delivery threatened to cause greater losses to circulation so new distribution systems were organized. The costs to the *Evening Telegram,* for its weekend edition only, can be conservatively estimated at $3,200 annually for increased postage costs, loss of 1,400 subscribers at $10,900, plus cost of setting up home delivery to 3,000 subscribers previously receiving copies by mail.

The *Globe and Mail Report on Business* relies entirely on the Post Office for coast-to-coast distribution. Between 1968 and 1971, circulation will have increased by one and a half times while mailing costs have multiplied by eight. This amounts to an increase in postage costs of $114,000 in three years.

Weekly Newspapers

Weekly newspapers with circulations under 10,000 published in towns with populations of less than 10,000 are allowed to mail 2,500 copies free within a forty-mile radius of the town. Weeklies are subject now to a rate of 5¢ per pound or a 2¢ per piece minimum. Few weeklies weigh more than 3 ounces. If permitted to compute postage rate per piece on a fraction of the per-pound rate, a 3 ounce weekly would mail at just less than 1¢ per copy. A one and a half ounce paper would cost only $^{1}/_{2}$¢ per copy. The 5¢ per pound rate is considerably higher than the previous poundage rate, but the 2¢ per piece minimum has been the key factor affecting increases in postal rates for weeklies. Table 149 illustrates costs to some weeklies. It indicates with an asterisk those enjoying free-zone privileges.

Table 149. Weekly Newspaper Postal Costs 1968-71

	1968		1971	
Name of Publication	Circulation by Mail	Annual Cost	Circulation by Mail	Annual Cost
		$		$
*Renfrew *Advance*	2,190	1,100	2,000	1,560
*Bradford *Witness*	800	500	1,600	1,560
*Didsbury *Pioneer*	890	37	750	300
*Carstairs *News*	550	25	675	263
Aurora *Banner*	1,136	638	1,260	1,560
Mississauga *News*	676	588	400	920
Richmond Hill *Liberal*	2,372	2,023	2,059	2,600
Bathurst *Northern Light*	1,405	1,136	1,335	1,924
Free Press Weekly	461,622	100,000	402,555	416,160

*Weeklies which enjoy free zone privileges.

Weeklies have not made the same effort as dailies to reduce their reliance on mail circulation. It should be noted that the small scale of many weekly operations makes this incremental cost, although it may not in fact appear great, a proportionately more important disbursement.

The *Free Press Weekly* is a national farm newspaper published by F. P. Publications in Winnipeg and almost 100 per cent carried by mail. In his appearance before the Senate Committee on February 11, 1970, Mr. Kierans said that in the year 1970, the postal bill to the *Free Press Weekly* would total $530,000, but the cost to the Post Office of carrying it would be $2,275,000, representing a loss of $1,745,000, the largest for any single Canadian publication. Mr. Shelford, appearing on behalf of the *Free Press Weekly* six days later, agreed with the estimate of the postal bill but not with the estimated cost to the Post Office.

The estimate of cost by the Post Office is an average of 8.5¢ per copy. The *Free Press Weekly* claims it should be 3.0¢ per copy. The reason for the difference, it is claimed by the company, is that the *Free Press Weekly* performs considerably more of the post office handling, sorting and weighing functions than does the average publication. The *Free Press Weekly* undertakes a high degree of pre-mailing sorting and the physical placing of bundles on railroad cars to be shipped. This reduces substantially handling by the Winnipeg post office and makes

it easier to handle at destination post offices. Also as essentially a rural publication, the *Free Press Weekly* notes that only 11 per cent of its circulation is delivered by letter carrier while the remainder is picked up by the subscriber at the wicket. The *Free Press Weekly* management contend that the Post Office establishes rates based on the average cost of carrying publications, which are excessive in individual cases.

Although the postal costs have become severe for some weeklies, their chief criticism of the Post Office appears to be inefficient delivery service. One of the prime reasons for maintaining Saturday delivery in rural areas was to allow distribution of local newspapers. However, registered post offices, at which publications must be mailed, tend to be in urban areas and are closed on Saturdays. These post offices cannot always sort all the mail before the weekend and hence weeklies, which receive second priority in handling, often are not moved through until Monday or Tuesday.

Because slow delivery was resulting in loss of subscribers, many publishers started to print and mail their papers one day earlier in the week – usually Tuesday or Wednesday. This means that by Saturday the news is already four or five days old and has lost a considerable amount of its value as news.

Magazines

All but 10.7 per cent of paid-circulation consumer magazines are distributed by mail, the remainder being sold as single copies on news stands. Business and association periodicals rely even more extensively on the Post Office. A few magazines, all with unpaid circulation, such as *Homemaker's Digest, Toronto Calendar* and *en Ville* in Montreal, have elected to set up their own door-to-door delivery systems.

To put this volume into some perspective, paid-circulation consumer magazines have a total circulation of approximately sixty million annually and unpaid-circulation consumer magazines add a further eighteen million copies annually, of which 8.3 million are *Homemaker's Digest* and *Toronto Calendar.* Approximately 55 million copies of business publications are circulated of which 40 per cent are paid circulation periodicals. The largest contributor to this circulation is *Financial Post* which distributes over seven million copies annually. In total, then, 133 million copies are distributed of which over 120 million are mailed.

In examining the 1970 postal rates for magazines, it is important to remember the discrepancies between paid-circulation commercial, unpaid-circulation commercial and unpaid-circulation association publications. It is not necessary to distinguish between consumer and business magazines, among subject matter within these categories, nor between circulation sizes, although these factors had a bearing on rates prior to the adoption of Bill C-116.

Proponents of controlled (unpaid) circulation claim that the cost of obtaining a subscriber is not offset by the subscription price and hence that paid circulation cannot be justified. Special-interest publishers sometimes state that publications with a small maximum potential subscription must use controlled circulation to ensure reaching all qualifiers, thereby making the periodical a viable advertising medium. The Post Office, on the other hand, takes the position that if a reader is willing to pay a price for a publication, the social value of that publication is

demonstrated and it should be carried by a public service at a lower rate. In the case of association publications, the Post Office feels more editorial content is free and hence operating costs are lower. Further, associations are not subject to corporate taxation. For this reason, it is said, the higher rate is justified.

Table 150 lists postal charges for a select number of magazines which participated in the Post Office study conducted by the Special Senate Committee on Mass Media staff.

Because of the variations in weight, frequency and circulation, the average cost for mailing one ounce of copy has been computed for each magazine in order that comparisons may be made. These averages are not consistent between the groups of magazines examined -- paid commercial, unpaid commercial and unpaid association because the proportion of copies mailed in bulk (at a lesser rate than if by single copy mailing) varies from publication to publication.

The *United Church Observer* has been particularly hard hit in relation to other paid consumer magazines since it lost its extra-special second-class privileges for being religious in content and was assigned the same rate as other paid-circulation magazines. The *Observer* has reduced circulation by about 10,000 but increased its weight by half an ounce per copy. Its additional postal cost per issue is $4,500. The *Observer* in 1968 was published 22 times, in 1970 sixteen and will be published only 12 times in 1971.

The table shows that in 1970 paid commercial magazines average about $^{2}/_{3}$¢ for each ounce of copy, while unpaid commercial pay 1.6¢ to 1.7¢ on the average and unpaid association between 1.8¢ and 2.5¢.

While it is obvious that some of these listed publications and others have reduced their weight per copy or number of issues annually since 1968, it would be unfair to attribute these changes entirely to the Post Office rate increases. It is known, however, that some publications have adopted lighter weight paper to effect reduced postal charges. A few others, subject to postal rates based on ounces rather than pounds, have occasionally deleted a page or two to reduce the weight per issue. For example, an unpaid-circulation commercial magazine weighing 5.1 ounces will have a per piece mail cost of 7¢ (3¢ + 2¢ + 2¢) while a 5.0 ounce magazine would cost only 5¢.

Some publications did not feel they could afford the higher cost of postal service and so set up their own distribution service. *Homemaker's Digest,* an unpaid-circulation publication for above-average-income housewives, blankets suitable areas coast-to-coast with a total circulation of 1.2 million. The new postal rates meant an increased annual postal bill from $66,000 to $462,000. (This change was caused partially by an increase in the publication's weight from 2 to 2½ ounces. However, at $2^{1}/_{2}$ ounces the previous bill would have been only $132,000 leaving a real increase of $330,000.) The magazine at first was folded. However, in 1970 it was refinanced by new Canadian owners and initiated a self-distributing system. This system, involving bulk transport in railway cars to central points with door-to-door drop off thereafter, costs about half what the Post Office would charge. In addition, it has a greater guarantee of quick delivery.

Toronto Calendar, also faced with 600-700 per cent increases in postal costs, went to door-to-door personal delivery. *Toronto Calendar* is delivered by hand to

Table 150. Magazine Postal Costs

	Average weight per copy		Average mail circulation per issue		Average postage cost per issue		Average cost per ounce of copy mailed
	1968	1970	1968	1970	1968	1970	1970
	(oz.)	(oz.)	('000)	('000)	$	$	¢
Paid/Commercial							
United Church Observer	2.9	2.95	309.0	300.0	1,500	6,000	.68
Saturday Night	4.3	3.3	82.1	93.9	722	1,962	.63
Maclean's	8.75	5.5	695.0	757.0	5,025	5,975	.14
Unpaid/Commercial	8.0	8.5	28.2	31.6	1,936		
Modern Medicine						4,400	1.8
Canadian Wood Products	3.6	4.5	3.3	4.65	1,446	3,684	1.7
Canadian Automotive Trade	6.0	5.5	30.6	29.8	210	265	1.6
Canadian Petroleum	5.9	6.5	8.6	9.2	316	884	1.5
Unpaid/Association							
Royal Bank of Canada *Newsletter*	.75	.75	9,180.0	9,180.0	6,107	18,667	1.9
B.C. Motorist	3.0	3.0	106.0	120.0	1,800	8,400	2.3
Farm and Country	1.5	2.25	118.1	122.6	524	4,750	1.8
Canadian Labour	4.7	4.7	11.2.	10.6	200	1,273	2.55

120,000 households. The nature of the magazine requires that it arrive at its destination no later than three days after publishing. Distribution by third class took an average of nine days. Although the time schedule could be met by first class mailing, this cost $21,600 per issue or just over $2.2 million annually or 18¢ per copy.

En Ville, a small business publication distributed in downtown Montreal, hires university students at $1.50 an hour and packages the magazine in plastic together with direct mail inserts sold to offset the cost of distribution. Thus its cost of distribution increase has been minimal whereas it too faced destruction through a 600 per cent increase.

It has been suggested that a number of publications in Canada expired because of the postal increases. Although this may be true, it is just as likely that this incremental cost was simply the straw that broke the camel's back; they might have died in any case for any number of marketing or product reasons. The concern would seem to be the discrepancy in rates between paid commercial, unpaid commercial and unpaid association publications. Undoubtedly, to the unpaid circulation publications, particularly those published by associations, postage has become a major cost factor.

It should be noted that distribution costs in 1970 for the *Homemaker's Digest, Toronto Calendar* and *En Ville* are less than if they used the postal service. This suggests that the postal service is too costly for the service performed. While it is probably true that a number of efficiencies could be introduced in the Post Office, it should be recognized that these three publications differ from others in having localized concentrated distribution areas and hence lend themselves more easily to door-to-door distribution. Self-distribution for *Chatelaine* or *Chemistry in Canada* or other scattered subscriber publications would probably be more costly than by mail.

THE VIEW FROM THE POST OFFICE

It was considered desirable to interview senior postal officials, touching on points which have been of concern within the industry, in the hope that this might assist the Committee. Accordingly, F. Pageau and G.S. McLachlan, Director and Assistant Director respectively of the Postal Rates and Classifications Branch were interviewed on July 4, 1969.

Three questions were discussed:

1 The effect of postal rate increases, and delivery contractions, upon daily newspapers.

2 The effect on Canadian magazines of solicitation by the Canada Post Office of business from U.S. magazines.

3 The "import-export" imbalance that Canada Post Office encounters in the publications field.

It was immediately clear that, from the standpoint of the Civil Service, the main impact upon daily newspapers of changes in postal rates and regulations in the 1968-69 period stemmed not from the additional costs of mailing newspapers, but of the contraction of daily deliveries from six to five per week.

The effect of this loss of a delivery day, causing papers to pile up and lag yet another day from publication delivery, has resulted in determined efforts on the part of a number of newspapers with a fairly substantial mail circulation to bypass the post office as much as possible by extending their carrier and truck delivery routes.

The Post Office certainly conceived this as a major problem from the standpoint of the publishers. But it was subjectively obvious from the tone of the interview that the Post Office feels the other considerations involved in the five-day decision out weigh this factor and that the department would be happy to be relieved of the newspaper distribution burden altogether.

In the matter of postage rate increases the Post Office, to its regret, feels it is still heavily subsidizing weekly newspapers, general-interest farm papers, consumer magazines, and the religious press. Under the postal rates effective April 1, 1969, for instance, weekly newspapers still pay only 12 per cent of the actual cost of mailing their product, compared to 9 per cent under the old schedule, according to Post Office figures.

So far as daily newspapers alone are concerned the Post Office is of the view that a great deal of the complaint has ranged from the irrelevant to the dishonest. It maintains a list compiled in late 1968, containing the total circulation of each paper, the percentage of circulation distributed by mail, the prices to subscribers for home delivery vs mail delivery, and the cost of mail delivery increase and impact upon mail subscribers of the increases. The Post Office view in every case is that non-punitive upward rate adjustments in the mail subscriber category could completely recover the additional postal cost without causing any serious problems.

For instance, *Le Devoir* and *L'Evangeline*, Moncton, are the two Canadian papers hardest hit ("We tried hard to find comparative English papers but it wasn't possible"). Of a circulation of 8,405 *L'Evangeline* distributes 6,262 by mail. Its subscription price to mail subscribers is $15.00 per annum, by carrier $26.00. The full impact, according to postal calculation, is $5.00 per mail subscription. *Le Devoir* distributes 18,000 of a circulation of 42,000 by mail and subscription rates vary from $20.00 for mail to $31.00 for carrier. The postal cost impact would be $3.57 per mail subscriber. These two cases are regarded as unique.

One of the most adversely affected English language newspapers is the Orillia *Packet and Times*, which distributes 2,500 of a total circulation of 8,000 by mail. Its subscription prices are $10.00 by mail and $31.00 by carrier boy and it is calculated that an increase of $4.81 in the mail subscription would accommodate the additional postal burden and still leave the mail subscriber buying at half the carrier boy rate.

A far more typical case is that of the Edmonton *Journal* which distributes only 10,000 of a total circulation of 150,000 by mail and which charges $32.50 for

home delivery as compared to $15.00 for mail subscribers. In general, then, the official attitude of the Post Office to the problems of daily newspapers is not sympathetic insofar as the rate increases are concerned, even in such extreme cases as *Le Devoir* and *L'Evangeline.* There did appear to be genuine sympathy for the problems engendered by the five-day as opposed to the-six-day delivery.

QUESTION 2

One complaint levelled against the Canadian postal service has been its effort during the past several years to encourage magazine publishers in the United States to truck their products across the U.S.-Canadian border and mail them in Canada. This has brought accusations from Canadian publishers that the Government of Canada through its Post Office is subsidising foreign competitors.

The Post Office takes an entirely contrary view. Although the Canadian rates are cheaper once an initial distance has been covered by truck, the Post office points out that under international convention it is honour-bound to deliver for nothing articles of mail which originate in foreign countries and destined for Canadian receivers. In other words, if the American publishers involved (*Life* is an example) mailed their product in the United States the delivery costs in Canada would be a net loss to the Canadian postal system.

For instance, in the last fiscal year, the Canada Post Office *earned* $3 million in this way which, it contends, would otherwise have been lost revenue. It contends that the rates are no lower or no higher for American magazines compared to Canadian magazines and that no element of unfair competition exists.

QUESTION 3

One concrete by-product of the foreign publications that enter Canada in large numbers is that the Post Office loses a good deal of money delivering them, because the international postal agreements simply call for reciprocity of delivery and do not take an imbalance of quantity into account.

Thus, Canada exports relatively few of her publications, and practically none of them in quantity. Yet it is, in the words of postal officials, inundated "by carload lots" by publications from the United States, Britain, France, Germany and Italy, in that approximate order.

After complaining ineffectually about this for a number of years Canada has found common cause in its grievance with a number of African and Asian countries, and such smaller European countries as Belgium, which suffer from the same imbalance.

Accordingly, at the sessions of the world Postal Congress in Tokyo last fall, Canada, in conjunction with a number of other small countries, set in motion steps which it is hoped will lead eventually (it apparently takes several years to get a change through this body) to an arrangement which compensates countries that are net importers of publications, at the expense of the exporters.

APPENDICES

Appendix I

OWNERSHIP AND INDICATED CONTROL OF MEDIA OUTLETS IN 103 SURVEYED COMMUNITIES AT JULY 31, 1970.

INTRODUCTION

The following table lists all the daily newspapers, radio and television stations, and cable television systems for each community, by province, covered in this survey. Not every community served by the mass media in Canada is included. The study has been confined to those communities in which a daily newspaper is published or in which a primary television station is located. Some additional communities, in which major group companies have an interest in one or more radio stations, have also been included. The table shows the population of each community, the company or individual owning each of the media, and, where ascertainable, the indicated source of control.

Population figures have been taken from the *Financial Post's Survey of Markets* (1969), projected population as at April 1, 1969. Where a listing for a community at this date was not available, the 1966 census figure was used. The census figures are denoted by the symbol "C" and metropolitan populations are denoted by the symbol "M". Circulation figures for newspapers have been taken, in most cases, from the December, 1969, issue of *Canadian Advertising Rates and Data* and represent average daily total paid circulation, excluding bulk Monday through Saturday. Circulation figures for radio and television are taken from the October 7-November 9, 1969 *Coverage and Circulation Report* of the Bureau of Broadcast Measurement. Radio data are based on the average daily circulation, in day-time hours, for all persons, two years old and over. For cable television systems there are no call letters; therefore, under the heading "Media Name" only the symbol CATV is used. Cable television circulation data have been provided by individual operators; the unbracketed figure is the actual number of subscribing households as of December 31, 1969, including apartment and bulk units; the bracketed figure represents the maximum potential on the same basis.

Where applicable, the network affiliation of each of the listed radio and television stations is indicated. CBC stations are listed as CBCO (CBC-owned) and CBCA (CBC affiliated).

The column headed "Media Owner" indicates only those media outlets which are owned by groups. All others are independently owned. The words "See Group Profile" in the column headed "Remarks" refer to profiles of major ownership groups in Part I of this volume.

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
British Columbia							
Cranbrook (7,849)	*Daily Townsman*			William O. Atkinson		Daily except Saturday	2,410
	CKEK-AM			East Kootenay Broadcasting Company Limited	L.J. Hoole	Station also serves Kimberley. Circulation not shown separately.	8,900
	CBUBT-TV	CBCO		Canadian Broadcasting Corp.	CBC		8,300
	CATV			Cranbrook Television Limited	H.E. Wheeler J.R. Atchison D.R. Leyden C. Hanemayer		
Dawson Creek (14,200)	CJDC-AM			Radio Station CJDC (Dawson Creek, B.C.) Limited	Michaud Family		15,000
	CJDC-TV	CBCA			Michaud Family		38,200
Kamloops (26,500)	*Daily Sentinel*		Group	Thomson B.C. Newspapers Limited	Thomson	See Group Profile	9,493
	CFJC-AM	CBCA		Twin Cities Radio Limited	Clark Family		26,600
	CFFM-FM	CBCA		Twin Cities Radio Limited	Clark Family		
	CFCR-TV	CBCA		Twin Cities Television Limited	Clark Family	As this station sells time jointly with CHBC-TV, Kelowna, B.C., only combined circulation figures are available.	152,100

Kamloops Continued	CHNL-AM		Group	NL Broadcasting Ltd.	Skelly, Moen Holdings Limited (J. Skelly, I.P. Moen)	Also owns CJNL, Merritt, B.C.	
Kelowna (20,300)	*Daily Courier*		Group	Thomson B.C. Newspapers Limited	Thomson	See Group Profile.	8,115
	CKOV-AM	CBCA	Group	Okanagan Broadcasters Limited	Bromley-Browne		22,500
	CJOV-FM	CBCA	Group	Okanagan FM Broadcasters Limited	Bromley-Browne		
	CHBC-TV	CBCA	Group	Okanagan Valley Television Company Limited	Bromley-Browne $33^1/_3\%$, Selkirk $33^1/_3\%$, B.C. Television Systems Limited (in which Selkirk and Western have a sub-stantial minority interest) $33^1/_3\%$	As this station sells time jointly with CFCR-TV, Kamloops, B.C., only combined circulation figures are available. See Group Profiles.	152,100
	CATV		Group	Black Knight Television Company Limited	S.O.T.V. Holdings Limited (Diverse)		2,888 (8,500)
Kimberley (5,901C)	*Daily Bulletin*			Today Publications Limited	W.D. Taylor	Daily except Saturday.	2,515
	CATV			Kootenay Enterprises Limited	W.J. Gillespie T.D. Birrell	Serves Kimberley, Chapman Camp, Marysville and Meadowbrook.	
Nanaimo (17,100)	*Daily Free Press*		Group	Thomson B.C. Newspapers Limited	Thomson	See Group Profile	9,342

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Nanaimo (Continued)	CHUB-AM			Nanaimo Broadcasting Corporation Limited	R.D. Giles, J.A. Kyle, J.J. Lawlor, G.F. Lawlor		17,800
	CATV		Group	Community Video (Nanaimo) Limited	L. Wolinsky 39%, Bessin Family 39%	Also own five other systems in British Columbia and one in Red Dear, Alberta.	
Nelson (9,504C)	*Daily News*		Group	News Publishing Company Limited	Green Family	Also publishes The Times, Trail, B.C.	9,442
	CKKC-AM	CBCA	Group	Kokanee Broadcasting Limited	Green Family	Also own CFKC, Preston, B.C.	5,700
	CBUCT-TV	CBCO		Canadian Broadcasting Corp.	CBC		22,800
	CATV		Group	North West Community Video Limited	L. Wolinsky 39%, Bessin Family 39%	Also own five other systems in British Columbia and one in Red Deer, Alberta.	
Penticton (17,100)	*Herald*		Group	Thomson B.C. Newspapers Limited	Thomson	See Group Profile	6,317
	CKOK-AM	CBCA	Group	Okanagan Radio Limited	M.P. Finnerty	Also owns CKOO, Osoyoos, B.C., and CKGF, Grand Forks, B.C.	29,100
	CKOK-FM	CBCA	Group	Okanagan Radio Limited	M.P. Finnerty		

Penticton Continued	CHBC-TV	CBCA	Group	Okanagan Valley Television Company Limited	Bromley-Browne 33 1/3%, Selkirk 33 1/3%, B.C. Television Systems Limited (in which Selkirk and Western have a substantial minority interest) 33 1/3%	Satellite of CHBC-TV, Kelowna, B.C. Only combined circulation figures are available. See Group Profiles.	152,100
	CATV		Group	South Okanagan Television Distributors Limited	S.O.T.V. Holdings Ltd. (Diverse)		3,548 (6,425)
Prince George (29,800)	*Citizen*		Group	Southam Press Limited	Southam	See Group Profile.	12,087
	CJCI-AM			Prince George Broadcasting Limited	Diverse		
	CKPG-AM	CBCA	Group	Radio Station CKPG Limited	Q Broadcasting Ltd.	Also owns CHQM, Vancouver	39,100
	CKPG-TV	CBCA	Group	CKPG Television Limited	Q Broadcasting Ltd. through Radio Station CKPG Ltd.		58.900
Prince Rupert (17,100)	*Daily News*			Prince Rupert Daily News Limited	Northwest Publications Limited	Sold Prince George Citizen to Southam. Daily except Saturday. Also publishes Terrace Omineca Herald (weekly).	4,001

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Prince Rupert Continued	CFPR-AM	CBCO		Canadian Broadcasting Corp.	CBC		10,600
	CHTK-AM		Group	CHTK Radio Limited	J.F. Weber		7,900
	CFTK-TV	CBCA	Group	Skeena Broadcasters Limited	Diverse	Satellite of CFTK-TV, Terrace, B.C. Also controls CKTK-AM Kitimat, CFTK-AM Terrace.	53,400
Terrace-Kitimat (18,429C)	CKTK-AM (Kitimat)	CBCA	Group	Skeena Broadcasters Limited	Diverse		
	CFTK-AM (Terrace)	CBCA	Group	Skeena Broadcasters Limited	Diverse		15,600
	CFTK-TV (Terrace)	CBCA	Group	Skeena Broadcasters Limited	Diverse	CFTK-TV operates satellites in Prince Rupert and ten other communities.	53,400
Trail (12,900)	*Daily Times*		Group	Trail Times Limited	Controlled by News Publishing Company Limited, owned by the Green family, publisher of The Nelson News.	The Green family also controls CKKC-AM, Nelson, B.C. and CFKC-AM, Preston, B.C.	6,163
	CJAT-AM	CBCA		Kootenay Broadcasting Company Limited	B.A. Stimel Estate		18,600
	CJAT-FM	CBCA			B.A. Stimel Estate		
	CBUAT-TV	CBCO		Canadian Broadcasting Corp.	CBC		22,800

Trail continued	CATV		Group	Community Video Limited	L. Wolinsky 39%, Bessin Family 39%	Also serves Rossland, B.C. Also own five other systems in British Columbia and one in Red Deer, Alberta.	
Vancouver (M978,100)	*Province* (a.m.)		Group	Pacific Press Limited	F.P. Publications Limited and Southam Press Limited each own 50% of Pacific Press Limited	See Group Profiles. The Province is a member of the Southam Group. The Sun is a member of the F.P. Group.	110,677
	Sun (p.m.)		Group	Pacific Press Limited			256,806
	New Westminster *Columbian*,		Group	The Columbian Company Limited		This group comprises the only daily newspapers operating in the suburbs of a metropolitan area.	8,110
	Surrey *Columbian*,		Group	The Columbian Company Limited	Mrs. Mary L. Emes, R.D. Taylor, Mrs. W. Goodwin		8,429
	Burnaby *Columbian*,		Group	The Columbian Company Limited			4,509
	Coquitlam *Columbian*, (all pm)		Group	The Columbian Company Limited			5,477
	CBU-AM	CBCO		Canadian Broadcasting Corp.	CBC		108,500
	CBU-FM	CBCO		Canadian Broadcasting Corp.	CBC		9,200
	CBUF-FM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		2,700
	CKZU (sw)	CBCO		Canadian Broadcasting Corp.	CBC		
	CKVN-AM		Group	Radio Futura Limited	J. Tietolman	Also owns CKVL-AM and FM, Verdun, Quebec.	22,500

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Vancouver Continued	CHQM-AM		Group	Q Broadcasting Limited	Bellman Investments Limited – Western Industrial Holdings Limited	Also control CKPG-AM and CKPG-TV, Prince George B.C.	113,500
	CHQM-FM		Group	Q Broadcasting Limited			31,400
	CJOR-AM		Group	C.J.O.R. Limited	J.A. Pattison	Part of Neonex International Limited, a part of conglomerate controlled by James Pattison.	88,600
	CKLG-AM		Group	Moffat Broadcasting Limited	Moffat	See Group Profile.	220,100
	CKLG-FM		Group	Moffat Broadcasting Limited	Moffat	See Group Profile.	13,400
	CKWX-AM		Group	CKWX Radio Limited	Selkirk	See Group Profile.	107,700
	CKFX (sw)		Group	CKWX Radio Limited	Selkirk	See Group Profile.	
	CKNW-AM		Group	Radio NW Limited	Western Broadcasting Company Limited	See Group Profile. Based New Westminster, B.C.	236,500
	CFMI-FM		Group	Radio NW Limited	Western Broadcasting Company Limited	See Group Profile.	
	CBUT-TV	CBCO		Canadian Broadcasting Corp.	CBC		483,300
	CHAN-TV	CTV	Group	British Columbia Television Broadcasting System Limited	Western Broadcasting Company Limited, Selkirk and Famous Players.	See Group Profiles.	375,900
	CATV		Group	Canadian Wirevision Limited	CBS – Welsh group		
	CATV			Western Cablevision Limited	McDonald Family	Serves New Westminster, B.C.	

Vancouver continued	CATV		Group	Express Cable Television Limited	Western Broadcasting Company Limited	See Group Profile. Serves North Vancouver, B.C.	
	CATV		Group	North West Community Video Limited	L. Wolinsky 39%, Bessin Family 39%	Serves North and West Vancouver, B.C. Also own five other systems in British Columbia and one in Red Deer, Alberta.	
	CATV		Group	National Cablevision Limited	CBS Inc.; Welsh Group and others	Serves Coquitlam, Maple Ridge and Mission. Also has several systems in the Montreal area.	
	CATV		Group	Fraser Valley Cablevision Limited	CBS – Welsh Group 50%, McDonald Family and others 50%	Serves Surrey.	
Vernon (12,800)	CJIB-AM	CBCA	Group	Interior Broadcasters Limited	Selkirk	See Group Profile.	18,900
	CHBC-TV	CBCA	Group	Okanagan Valley Television Company Limited	Bromley-Browne $33^1/_3$%, Selkirk $33^1/_3$% B.C. Television Systems Limited (in which Selkirk and Western have a substantial minority interest) $33^1/_3$%	Satellite of CHBC-TV, Kelowna, B.C. Only combined circulation figures are available. See Group Profiles.	152,100

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Victoria (181,100)	*Daily Colonist* (am)		Group	Victoria Press Limited	F.P.	See Group Profile Published daily except Monday.	39,158
	Daily Times (pm)		Group	Victoria Press Limited	F.P.		31,667
	CFAX-AM			CFAX Radio 1070 Limited	C.G. Copeland		44,400
	CKDA-AM CFMS-FM			Capital Broadcasting System Limited	D. Armstrong D. Armstrong		38,200
	CJVI-AM	CBCA	Group	Island Broadcasting Company Limited	Selkirk and Selkirk officers	See Group Profile.	32,200
	CHEK-TV	CBCA	Group	CHEK T.V. Limited	British Columbia Television Broadcasting System Limited (Western Broadcasting, Selkirk and Famous Players)	See Group Profiles.	101,000
	CATV		Group	Victoria Cablevision Limited	CBS (25%), Welsh Group (37.5%), F.P. Publications (12.5%)	See Group Profile.	
Alberta							
Calgary (M372,900)	*Albertan* (am)		Group	F.P. Publications Limited	F.P.	See Group Profile.	35,382
	Herald (pm)		Group	Southam Press Limited	Southam	See Group Profile.	100,907
	CBR-AM	CBCO		Canadian Broadcasting Corp.	CBC		23,500

Calgary continued	CFAC-AM		Group	Calgary Broadcasting Company Limited	Selkirk-Southam	See Group Profile.	64,600
	CFCN-AM CFVP (sw)		Group Group	The Voice of the Prairies Limited	Hunco Limited (Maclean-Hunter)	See Group Profile. Hunco Limited is a major shareholder in Maclean-Hunter Limited	101,700
	CFCN-TV	CTV	Group	CFCN Television Limited	Maclean-Hunter	See Group Profile	314,300
	CHFM-FM			Quality F.M. Limited	J.D. Whitehead W.M. Gillott	CRTC has ruled that this frequency will be subject to re-assignment.	19,400
	CKXL-AM		Group	Moffat Broadcasting Limited	Moffat	See Group Profile.	112,100
	CHQR-AM		Group	Bentley Broadcasting Company Limited	Western Broadcasting Company Limited	See Group Profile	62,700
	CHCT-TV	CBCA	Group	Calgary Television Limited	Selkirk	See Group Profile.	206,000
	CATV		Group	Community Antenna Television Limited	Diverse (F.P. holds 16.7% minority interest)	See Group Profile. A Condition of Community Antenna Television Limited licence is that F.P. Publications dispose of its interest within three year life of licence.	
	CATV		Group	A company to be formed by D.R. Graham.	Cablecasting Limited (whose major shareholder is D.R. Graham) 50% diverse local interest 50%		0 (55,000)

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Edmonton (M437,700)	*Journal*		Group	Southam Press Limited	Southam	See Group Profile	150,130
	CBX-AM	CBCO		Canadian Broadcasting Corp.	CBC		50,700
	CBXT-TV	CBCO		Canadian Broadcasting Corp.	CBC		393,800
	CBXFT-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		
	CFRN-AM			Sunwapta Broadcasting	G.R.A. Rice		108,900
	CFRN-FM			Limited	G.R.A. Rice		8,600
	CFRN-TV	CTV		Sunwapta Broadcasting Limited	G.R.A. Rice		385,700
	CHED-AM		Group	Radio Station CHED Limited	Moffat Broadcasting and Rawlinson	See Group Profile	170,600
	CHFA-AM (Fr)	CBCA		Radio-Edmonton Limitée	Diverse		
	CHQT-AM			Radio Station CHQT Limited	C.A. Allard through Allarco Developments Limited		57,800
	CJCA-AM		Group	Edmonton Broadcasting	Southam-Selkirk	See Group Profile.	141,500
	CJCA-FM		Group	Company Limited	Southam-Selkirk	See Group Profile.	
	CKUA-AM			University of Alberta			20,300
	CKUA-FM			University of Alberta			
	CATV			Capital Cable Television Company Limited	Diverse (G.R.A. Rice 15%)	G.R.A. Rice must dispose of his interest in Capital Cable Television Limited within three year life of licence.	
	CATV			QCTV Limited	Diverse		

Grande Prairie (13,300)	*Daily Herald Tribune*		Group	Bowes Publishers Limited	J.F. Bowes	Daily except Saturday.	4,628
	CFGP-AM	CBCA	Group	Northern Broadcasting Corporation Limited	Selkirk	See Group Profile.	25,700
	CBXAT-TV	CBCO		Canadian Broadcasting Corp.	CBC		
Lethbridge (39,300)	*Herald*		Group	Lethbridge Herald Company Limited	F.P.	See Group Profile	20,844
	CHEC-AM CHEC-FM			Southern Alberta Broadcasting Limited	Brown-Broder Brown-Broder		12,900
	CJOC-AM	CBCA	Group	Lethbridge Broad-casting Limited	Selkirk	See Group Profile.	51,000
	CJLH-TV	CBCA	Group	Lethbridge Television Limited	Selkirk	See Group Profile.	72,400
	CFCN-TV	CTV	Group	CFCN Television Limited	Maclean-Hunter	See Group Profile. Satellite of CFCN-TV, Calgary, Alberta.	
			Group	Cablevision Lethbridge Limited	Agra Industries Limited (a public company) (Torchinsky 75% Selkirk 25%)	See Group Profile.	3,224 (10,000)
Medicine Hat (27,500)	*News*		Group	Southam Press Limited	Southam	See Group Profile.	7,922
	CHAT-AM CHAT-TV	CBCA CBCA		Monarch Broadcasting Company Limited	Yuill-Guifford Yuill-Guifford		23,100 31,700
	CATV			Cablevision Medicine Hat Limited	Monarch Investments Limited (Yuill-Guifford)		

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Red Deer (30,200)	*Advocate*			Red Deer Advocate Company Limited	Liverpool Post and Echo (U.K.) Sir Alick Jeans		10,365
	CKRD-AM CKRD-FM			Central Alberta Broadcasting Company (1961) Limited	H.L. Flock H.L. Flock		37,900
	CKRD-TV	CBCA		C.H.C.A. Television Limited	Central Alberta Broadcasting Company (1961) Limited (H.L. Flock)		56,800
	CATV		Group	Community Video (Red Deer) Limited	L. Welinsky 39%, Bessin Family 39%	Also owns six systems in British Columbia.	
Saskatchewan							
Lloydminster (7,000)	CKSA-AM			Sask-Alta Broadcasters Limited	A.F. Shortell		
	CKSA-TV	CBCA		CKSA T.V. Limited	A.F. Shortell		74,700
Moose Jaw (33,300)	*Times-Herald*		Group	Western Publishers Limited	Thomson	See Group Profile.	9,318
	CHAB-AM		Group	Moffat Broadcasting Limited	Moffat	See Group Profile	47,300
	CBKMT-TV	CBCO		Canadian Broadcasting Corp.	CBC	Purchased from Moffat in fall of 1969. Formerly CHAB-TV and affiliated with CTV Network.	

Moose Jaw (continued)	CKMJ-TV	CTV	Group	Armadale Communications Limited	Sifton	Satellite of CKCK-TV, Regina, circulation figure combined. See Group Profile.	191,100
Prince Albert (27,200)	*Herald*		Group	Western Publishers Limited	Thomson	See Group Profile.	8,189
	CKBI-AM		Group	Central Broadcasting Company Limited	Rawlinson Family		57,200
	CKBI-TV	CBCA	Group		Rawlinson Family		91,700
	CATV		Group	Community T.V. Limited	Rawlinson Family		1,143 (5,020)
Regina (136,500)	*Leader-Post*		Group	Regina Leader-Post Limited	Sifton	See Group Profile	65,197
	CBK-AM	CBCO		Canadian Broadcasting Corp.	CBC		48,900
	CBKRT-TV	CBCO		Canadian Broadcasting Corp.	CBC	Purchased from Moffat in fall of 1969. Formerly CHRE-TV and affiliated with CTV Network.	98,400
	CFMQ-FM			Metropolitan Broadcasting Limited	Diverse		
	CJME-AM		Group	Midwest Broadcasters Limited	Rawlinson Family		36,600
	CKCK-AM		Group	Armadale Communications Limited	Sifton	See Group Profile.	165,200
	CKCK-TV	CTV	Group		Sifton	See Group Profile. Formerly an affiliate of CBC Network. Circulation figure combined with CKMJ-TV, Moose Jaw.	191,100

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Regina continued	CKRM-AM			Buffalo Broadcasting Company Limited	Phillips, Gallagher, Lawrence		24,500
Saskatoon (122,900)	*Star-Phoenix*		Group	Armadale Publishers Limited	Sifton	See Group Profile	50,588
	CFNS-AM (Fr)	CBCA		Radio-Prairies Nord Limitée	Diverse		
	CFMC-FM			General Broadcasting Limited	Diverse		5,100
	CKOM-AM			Saskatoon Community Broadcasting Company Limited	Diverse		52,800
	CFQC-AM			A.A. Murphy & Sons Limited	Murphy Family		113,800
	CFQC-TV	CBCA		A.A. Murphy & Sons Limited	Murphy Family		188,400
	CJUS-FM			University of Saskatchewan			600
Swift Current (14,900)	CKSW-AM		Group	Frontier City Broadcasting Company Limited	Scott-Mahaffy	Also own CJSN, Shaunavon, Sask.	22,700
	CJFB-TV	CBCA		Swift Current Telecasting Company Limited	W.D. Forst		41,700

Yorkton (13,100)	CJGX-AM		Yorkton Broadcasting Company Limited	G.G. Gallagher		40,900
	CKOS-TV	CBCA	Yorkton Television Company Limited	Skinner Family		185,300
Manitoba						
Brandon (30,800)	*Sun*		The Sun Publishing Company Limited	Whitehead Family (Southam 49%)	See Group Profile.	14,145
	CKX-AM	CBCA	Western Manitoba Broadcasters Limited	Diverse		46,300
	CKX-FM	CBCA	Western Manitoba Broadcasters Limited	Diverse		2,300
	CKX-TV	CBCA	Western Manitoba Broadcasters Limited	Diverse		107,900
Dauphin (8,650C)	*Daily Bulletin*		Bulletin Publications Limited		Daily except Saturday	3,811
	CKDM-AM		Dauphin Broadcasting Company Limited	Diverse		41,200
Flin Flon (9,600)	*Reminder*		Reminder Publications Limited	T.W. Dobson		3,400
	CFAR-AM	CBCA	Arctic Radio Corporation Limited	Diverse		14,400
	CBWBT-TV	CBCO	Canadian Broadcasting Corp.	CBC		38,000

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Portage La Prairie (13,300)	*Daily Graphic*			Vopni Press Limited	Wilfred H. Vopni	Also owns MacGregor Herald, Portage Leader (weeklies).	3,524
	CFRY-AM			Portage-Delta Broadcasting Company Limited	R.D. Hughes		
Thompson (1,522C)	*Citizen*			Precambrian Press Limited		Daily except Saturday.	3,197
	CHTM-AM	CBCA		Mystery Lake Broadcasting Limited	A.M. Cham – D.R. Sutherland		
	CESM-TV			CESM-TV Limited	A.M. Cham – D.R. Sutherland	Closed circuit.	
	CBWTT-TV	CBCO		Canadian Broadcasting Corp.	CBC		
	CATV			CESM-TV Limited	A.M. Cham – D.R. Sutherland		
Winnipeg (M528,600)	*Free Press* (pm)		Group	Winnipeg Free Press Company Limited	F.P.	See Group Profile.	134,409
	Tribune (am)		Group	Southam Press Limited	Southam	See Group Profile	78,024
	CBW-AM	CBCO		Canadian Broadcasting Corp.	CBC		61,500
	CBW-FM	CBCO		Canadian Broadcasting Corp.	CBC		7,900
	CBWFT-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		9,600

Winnipeg continued	CBWT-TV	CBCO		Canadian Broadcasting Corp.	CBC		391,600
	CFRW-AM		Group	C.J.O.R. Limited	J.A. Pattison		24,000
	CFRW-FM		Group	C.J.O.R. Limited	J.A. Pattison		3,600
	CJOB-AM		Group	Radio O.B. Limited	Western Broadcasting Company Limited	See Group Profile.	141,300
	CJOB-FM		Group	Radio O.B. Limited	Western Broadcasting Company Limited	See Group Profile.	14,800
	CKRC-AM		Group	Armadale Communi-cations Limited	Sifton	See Group Profile	188,500
	CKY-AM		Group	Moffat Broadcasting Limited	Moffat	See Group Profile.	132,900
	CKY-FM		Group	Moffat Broadcasting Limited	Moffat	See Group Profile.	5,500
	CKSB-AM (Fr)	CBCA		Radio Saint-Boniface Limitée	Diverse	Based St. Boniface, Manitoba.	
	CJAY-TV	CTV	Group	Channel Seven Television Limited	Moffat-Misener	See Group Profile.	325,000
	CATV		Group	Metro Videon Limited	Moffat 49.9% and Famous Players	See Group Profile.	14,438 (79,825)
	CATV		Group	Greater Winnipeg Cablevision Limited	Cablecasting Limited (whose major share-holder is D.R. Graham) 50%, Southam 25%, Selkirk 25%	See Group Profile.	12,000 (42,000)
U.S.	KCND-TV – Pem-bina, North Dakota			McLendon Corporation of Dallas (Texas)		U.S. based, primarily serves Winnipeg market. A subsidiary, Winnipeg Channel 12 Ltd., is a Canadian company established as a production and sales agency.	176,800

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Ontario							
Barrie (25,800)	*Examiner*		Group	Canadian Newspapers Company Limited	Thomson	See Group Profile.	10,183
	CKBB-AM		Group	Barrie Broadcasting Company Limited	Snelgrove Family	Operates jointly with CKCB-AM, Collingwood, Ont. Total reach 35,900.	28,300
	CKVR-TV	CBCA	Group	Ralph Snelgrove Television Limited	CHUM Limited $66^2/_3$%, Snelgrove Family $33^1/_3$%	See Group Profile.	219,200
	CATV		Group	Barrie Cable TV Limited	Famous Players		5,186 (7,500)
Belleville (33,300)	*Intelligencer*			Ontario-Intelligencer Limited	Morton family		16,313
	CJBQ-AM CJBQ-FM	CBCA CBCA		Quinte Broadcasting Company Limited	G.A. Morton G.A. Morton		50,500 4,300
	CATV		Group	Cablevue (Belleville) Limited	Bushnell 50%, Morton Family 50%	See Group Profile. System also includes Trenton, Ontario (population 14,200). Bushnell must dispose of its interest as rapidly as possible to someone acceptable to the CRTC.	

Brampton (41,300)	*Daily Times & Conservator*		Group	Home Newspapers Limited	Thomson	See Group Profile. Previously owned jointly with Toronto Star.	7,863
	CHIC-AM CHIC-FM			CHIC Radio Limited CHIC Radio Limited	Harry J. Allen Harry J. Allen		5,200
	CATV		Group	Bramalea Telecable Limited	Rogers Cable TV Limited (Rogers)	See Group Profile.	4,086 (10,847)
Brantford (62,800)	*Expositor*			Preston & Sons Limited	Preston Family		26,912
	CKPC-AM CKPC-FM			Telephone City Broadcast Limited	Buchanan Family Buchanan Family		52,200 2,700
	CATV		Group	Jarmain Cable T.V. Limited	Jarmain Family		10,464 (17,667)
Brockville (20,200)	*Recorder & Times*			The Recorder Printing Company of Brockville Limited	M.O.P. MacNaughton in trust for Helen Maclean estate.		10,891
	CFJR-AM	CBCA		Eastern Ontario Broadcasting Company Limited	Radford Family 75%, Armadale Communications Limited 25%	See Group Profile.	20,300
	CATV		Group	Brockville Amusements Limited	Levitt Family (Famous Players has a minority interest.)		2,614 (5,000)
Chatham (33,300)	*Daily News*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	15,129
	CFCO-AM		Group	Greatlakes Broadcasting System Limited	Maclean-Hunter Limited	See Group Profile.	54,300

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Chatham (continued)	CATV		Group	Chatham Cable TV Limited	Jarmain Cable Systems Limited (Jarmain Family)		3,550 (9,476)
Collingwood (4,000C)	CKCB-AM		Group	Barrie Broadcasting Company Limited	Snelgrove Family	Operates jointly with CKBB-AM, Barrie. Total reach 35,900.	7,600
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	
Cornwall (47,300)	*Standard-Freeholder*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	14,447
	CJSS-AM			Tri-Co Broadcasting Limited	P.V. Emard		31,700
	CJSS-FM			Tri-Co Broadcasting Limited	P.V. Emard		
	CFML-AM (Fr)			CFML Radio (Cornwall) Limited	Bertrand Family		6,100
	CJSS-TV	CTV	Group	Ottawa-Cornwall Broadcasting Limited	Bushnell Communications Limited	See Group Profile.	
	CATV		Group	Cornwall Cable Vision (1961) Limited	Famous Players 50% and diverse interests 50%		
Fort Frances (4,700C)	*Daily Bulletin*			Fort Frances Times Limited	Diverse	Daily except Wed. when it publishes weekly Fort Frances Times. (circulation 4,250)	2,310

Fort Frances (continued)	CFOB-AM	CBCA	Group	Border Broadcasting Limited	Dougall Family	See Group Profile.	11,100
	CBWCT-TV	CBCO		Canadian Broadcasting Corp.	CBC		
Galt (33,500C)	*Evening Reporter*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	13,824
	CFTJ-AM			The Galt Broadcasting Company Limited	J.V. Evans		
	CATV		Group	Grand River Cable TV Limited	Famous Players, Central Ontario Television Limited (20%)	Licenced to serve Stratford, New Hamburg, Baden, Kitchener, Waterloo, and Preston.	38,084 (66,000)
Guelph (57,000)	*Mercury*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	17,519
	CJOY-AM CJOY-FM			CJOY Limited CJOY Limited	W.O. Slatter 50%, F.T. Metcalfe 50%	F.T. Metcalfe holds 10% of Maclean-Hunter Cable TV Limited.	26,700
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	
Hamilton (M479,100)	*Spectator*		Group	Southam Press Limited	Southam	See Group Profile.	127,195
	CHAM-AM		Group	Rogers Broadcasting Limited	E.S. Rogers	See Group Profile. Dancy Broadcasting Ltd. have applied to the CRTC to purchase station. Dancy also owns CKJD in Sarnia, Ontario.	17,600

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Hamilton continued	CHML-AM CKDS-FM			Maple Leaf Broad-casting Company Limited	Soble estate Soble estate		178,200 43,200
	CKOC-AM		Group	Armadale Communi-cations Limited	Sifton	See Group Profile.	139,000
	CHCH-TV	IND.	Group	Niagara Television Limited	Selkirk	See Group Profile. Previously owned by Southam, Soble and Theatre Properties, Hamilton. Carries CBC Ontario School broadcasts.	819,800
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	
	CATV			Northgate Cable T.V. Limited	R.E. Reinke	Also serves parts of Dundas area.	
	CATV			Western Co-axial Limited	Levy Family	Also serves Ancaster, part of Stoney Creek, and Dundas.	
	CATV			Hamilton TV and Appliance Service Company Limited	C. Levy and M. Goldblatt	Serves Dundas, Ancaster, and part of Hamilton.	2,577 (6,000)
	CATV		Group	Hamilton Co-axial (1958) Limited	Famous Players 100%	Also serves Dundas and Ancaster.	15,042 (32,649)
	CATV			General Co-Axial Services Limited	O. Boris 50%, Shadney Family 50%	Two systems in Hamilton.	
	CATV			Niagara Co-Axial Limited	J.M. Curry – G.F. Sparham	Serves part of Hamilton and Stoney Creek.	

Kenora (11,500)	*Miner & News*			Kenora Miner & News Limited	Stuart King		4,250*
	CJRL-AM	CBCA	Group	Lake of the Woods Broadcasting Limited	Dougall Family	See Group Profile.	9,600
	CBWAT-TV	CBCO		Canadian Broadcasting Corp.	CBC		
	CATV			Kenora Cable Vision Limited	Norcom Telecommunications Limited (Johnson)		0 (5,000)
Kingston (62,800)	*Whig-Standard*			The Kingston Whig Standard Company Limited	Davies Family		28,932
	CKLC-AM CKLC-FM			St. Lawrence Broadcasting Company Limited	Diverse Diverse		40,500
	CKWS-AM CKWS-FM	CBCA CBCA	Group Group	Frontenac Broadcasting Company Limited	Bushnell Communications Ltd.	See Group Profile	61,400
	CKWS-TV	CBCA	Group	Frontenac Broadcasting Company Limited	Bushnell Communications Ltd.		139,600
	CFRC-AM CFRC-FM			Queen's University Queen's University			1,800
Kirkland Lake (15,800C)	*Northern Daily News*		Group	The Thomson Corp. Limited	Thomson	See Group Profile.	6,460
	CJKL-AM	CBCA	Group	Kirkland Lake Broadcasting Company Limited	Bushnell Communications Ltd.	See Group Profile.	28,200
	CATV			Fred Lang TV Limited	Fred Lang		3,310 (3,950)

*Publisher's statement

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Kitchener-Waterloo (M204,700)	*Record*			Kitchener-Waterloo Record Limited	John E. Motz (52%), Southam (48%)	Also owns six weeklies in surrounding communities.	52,619
	CHYM-AM CHYM-FM		Group Group	Greatlakes Broadcasting System Limited	Maclean-Hunter Ltd. Maclean-Hunter Ltd.	See Group Profile. See Group Profile.	41,200
	CKKW-AM CFCA-FM			Central Ontario Television Limited	Electrohome Communications Limited (C.A. Pollock)	Previously 48% Famous Players.	36,800 26,900
	CKCO-TV	CTV		Central Ontario Television Limited	Electrohome Communications Limited (C.A. Pollock)		417,400
	CATV		Group	Grand River Cable TV Limited	Famous Players, Central Ontario Television Limited (20%)	Licenced to serve Stratford, New Hamburg, Baden, Preston and Galt.	38,084 (66,000)
Leamington (9,554C)	CHYR-AM		Group	Sun Parlour Broadcasters Limited	Rogers	See Group Profile.	30,900
	CATV		Group	Essex Cable TV Limited	Rogers Broadcasting Limited (Rogers)	See Group Profile. Also serves Kingsville.	759 (4,173)
Lindsay (12,300)	*Daily Post*			Wilson & Wilson Limited	Roy Wilson		4,080
	CKLY-AM	CBCA		Greg-May Broadcasting Limited	Vic Hal Associates Limited		10,500
	CATV			Lindsay CATV System Limited	Kennedy-Thomas Families		

London (M224,200)	*Free Press* (am & pm)			London Free Press Printing Company Limited	W.J. Blackburn	Southam holds 25% interest.	AM 75,660 PM 47,828 123,488
	CFPL-AM	CBCA		CFPL Broadcasting Limited	W.J. Blackburn	Southam has a 25% interest in these three stations.	136,100
	CFPL-FM	CBCA		CFPL Broadcasting Limited	W.J. Blackburn		20,000
	CFPL-TV	CBCA		CFPL Broadcasting Limited	W.J. Blackburn		355,300
	CKSL-AM		Group	London Broadcasters Limited	F.V. Regan 50%, Jeffery Family 50% (Jeffery family also has major interest in London Life Insurance Co.)		50,200
	CJOE-AM		Group	Middlesex Broadcasters Limited	H.J. McManus	Owns sizeable diverse interests including his sizeable holdings in petroleum.	17,700
	CATV		Group	London TV Cable Service Limited	Jarmain Cable Systems Limited (Jarmain Family)	Famous Players sold 50% of common shares but retained 50% of preferred shares.	38,500 (46,889)
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	
Niagara Falls (60,900)	*Review*			F.H. Leslie Limited	Leslie Family		18,114
	CJRN-AM			Radio Niagara Ltd.	J.E. O'Brien		29,400

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
North Bay (51,100)	*Nugget*		Group	Southam Press Ltd.	Southam	See Group Profile.	17,942
	CKAT-FM			CKAT Broadcasters Limited	E.B. McLeod – G.A. Alger		
	CFCH-AM	CBCA	Group	Northern Broadcasting Limited	Bushnell Communications Limited	See Group Profile.	42,400
	CFCH-TV	CBCA	Group	Tel-Ad Company Limited	Bushnell Communications Limited	Based Callander, Ontario. Previously owned by Thomson. Bushnell ordered by CRTC to sell interest as rapidly as possible.	60,400
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	
Oakville (52,800C, Part Metro Toronto)	*Daily Journal-Record*		Group	P.C.O. Publishing Limited	Toronto Star	See Group Profile. Previously owned jointly with Thomson.	7,792
	CHWO-AM			CHWO Radio Limited	Mrs. J. Caine		
	CATV		Group	Oakville Cablevision Limited	Diverse J.G. MacLennan $26^2/_3\%$, Evergreen Cablevision Ltd. (Welsh group) $14^2/_3\%$, and J.M. Bird $36^2/_3\%$		3,000 (10,000)

Orillia (21,200)	*Daily Packet & Times*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	7,953
	CFOR-AM		Group	Orillia Broadcasting Limited	Maclean-Hunter Ltd. 50% Countryside Holdings Ltd. 50%	See Group Profile.	19,700
	CATV		Group	Orillia Cable TV Limited	Famous Players – Burgess		3,916 (5,000)
Oshawa (86,500)	*Times*		Group	Canadian Newspapers Company Limited	Thomson	See Group Profile.	24,452
	CKLB-AM CKQS-FM			Lakeland Broadcasting Company Limited	G.G. Garrison G.G. Garrison		10,900
	CATV		Group	Oshawa Cable TV Limited	Jarmain Cable Systems Limited (Jarmain Family)		9,484 (23,358)
Ottawa-Hull (P.Q.) (M527,400)	*Le Droit* (Fr) (pm)			Le Syndicat, d'Oeuvres Sociales Limitée	Missionnaires Oblats de M.I.		39,020
	Citizen (pm)		Group	Southam Press Ltd.	Southam	See Group Profile.	94,807
	Journal (pm)		Group	The Journal Publishing Company of Ottawa Limited	F.P.	See Group Profile.	81,171
	CBO-AM	CBCO		Canadian Broadcasting Corp.	CBC		40,000
	CBO-FM	CBCO		Canadian Broadcasting Corp.	CBC		9,800

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Ottawa-Hull continued	CBOT-TV	CBCO		Canadian Broadcasting Corp.	CBC		325,800
	CBOF-AM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		8,100
	CBOFT-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		129,400
	CFRA-AM		Group	Radio Station CFRA Limited	CHUM Limited	See Group Profile	210,400
	CFMO-FM		Group	Radio Station CFRA Limited	CHUM Limited	See Group Profile.	52,000
	CKPM-AM			Confederation Broad-casting (Ottawa) Limited	J.A. Stewart	CRTC has ruled that this frequency will be subject to re-assignment.	42,300
	CJRC-AM (Fr)		Group	CJRC Radio Capitale Limitée	R. Crépault	Part of a five station radio network owned by R. Crépault. See Group Profile.	78,700
	CKOY-AM CKBY-FM			CKOY Limited CKOY Limited	The Honourable C. Wilson Estate 30%, Southam 38.1%	See Group Profile.	90,600
	CKCH-AM (Fr) CKCH-FM (Fr)		Group Group	CKCH Radio Limitée CKCH Radio Limitée	Télémédia (Québec) Limitée (Beaubien)	See Group Profile. Based Hull, P.Q.	33,400
	CJOH-TV	CTV	Group	Ottawa-Cornwall Broadcasting Limited	Bushnell Communi-cations Limited	See Group Profile.	338,300

Ottawa-Hull continued	CATV		Group	Laurentian Cablevision Limited	Bushnell 75%, Famous Players 25%	See Group Profile Based Hull, P.Q. Also serves Aylmer, Lucerne, Des Chenes.	9,500 (18,000)
	CATV		Group	Ottawa Cablevision Limited	Diverse (Selkirk-Southam holding substantial minority interest)	See Group Profile.	34,220 (59,153)
	CATV		Group	Skyline Cablevision Limited	Diverse (Holding minority interests Bushnell (23.9%) and Famous Players (14.5%))	See Group Profile.	35,000 (74,285)
Owen Sound (18,300)	*Sun-Times*		Group	Southam Press Ltd.	Southam	See Group Profile.	14,739
	CFOS-AM	CBCA		Grey and Bruce Broadcasting Company Limited	William N. Hawkins		28,500
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile. Also serves Meaford.	
Pembroke (16,200)	*Observer*		Group	Canadian Newspapers Company Limited	Thomson	See Group Profile.	7,861
	CHOV-AM	CBCA		The Ottawa Valley Broadcasting Company Limited	Archibald Family		22,200
	CHOV-TV	CBCA		The Ottawa Valley Television Company Limited.	Archibald Family		43,900
	CATV		Group	Pembroke Cablevision Limited	Ottawa Cablevision Limited (A substantial interest held by Selkirk-Southam)	See Group Profile.	

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Peterborough (58,000)	*Examiner*		Group	Petex Publishing Limited	Thomson	See Group Profile.	23,026
	CKPT-AM		Group	CHUM Limited/Barrie Broadcasting Limited	CHUM Limited 50%, Snelgrove Family 50%	See Group Profile.	18,600
	CHEX-AM	CBCA	Group	Kawartha Broadcasting Company Limited	Bushnell Communications Limited	See Group Profile. Previously owned by Davies-Thomson.	41,400
	CHEX-FM	CBCA	Group	Kawartha Broadcasting Company Limited	Bushnell Communications Limited		
	CHEX-TV	CBCA	Group	Kawartha Broadcasting Company Limited	Bushnell Communications Limited		119,800
	CATV		Group	Peterborough Cable Television Limited	Maclean-Hunter and H.R. Young	See Group Profile.	
Port Hope (8,600C)	*Guide*			Guide Publishing Company Limited	Hugh Murray	Daily except Saturday.	3,068
St. Catharines (105,700)	*Standard*			The St. Catharines Standard Limited	Burgoyne Family		34,707
	CKTB-AM CKTB-FM			The Niagara District Broadcasting Company Limited	W.B.C. Burgoyne W.B.C. Burgoyne		38,900
	CHSC-AM CHSC-FM			Radio Station C.H.S.C. Limited	Robert Redmond Robert Redmond		33,300 12,200
	CATV		Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	

St. Thomas (23,800)	*Times-Journal*		Group	The Times-Journal of St. Thomas Limited	L.H. Dingman Estate	Also owns Stratford Beacon Herald.	11,397
	CHLO-AM			Souwesto Broad-casters Limited	J.L. Moore – A.A. McDermott		55,000
	CATV			Allview Cable Service Limited	Diverse		6,633 (11,600)
Sarnia (58,500)	*Observer*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	18,603
	CHOK-AM	CBCA	Group	Sarnia Broadcasting (1964) Limited	IWC Electronics & Tele-communications Ltd., (R.M. Ivey & Family)		31,600
	CKJD-AM			Dancy Broadcasting Limited	K.J. Dancy	Dancy Broadcasting Limited has applied to CRTC for approval to purchase CHAM-AM, Hamilton.	18,900
	CATV		Group	Huron Cable TV Limited	Maclean-Hunter Cable TV Limited (2/3) Allview Cable Ser-vice Limited (1/3)	See Group Profile.	
Sault Ste. Marie (77,600)	*Star*			Sault Star Limited	Diverse		21,447
	CKCY-AM CKCY-FM		Group Group	Algonquin Radio-T.V. Company Limited	C.P. Greco 50%, A. Spadoni 50%	Also own CJNR-AM Blind River, and CKNR-AM Elliot Lake.	26,700
	CJIC-AM	CBCA	Group	Hyland Radio-TV Limited	J.G. Hyland Estate	Also owns CJWA-AM Wawa.	32,800
	CJIC-FM	CBCA	Group	Hyland Radio-TV Limited	J.G. Hyland Estate		3,900

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Sault Ste. Marie continued	CJIC-TV	CBCA	Group	Hyland Radio-TV Limited	J.G. Hyland Estate		67,000
	CATV			Dubreuil Brothers Limited	Dubreuil Family		
Simcoe (9,900C)	*Reformer*			Pearce Publishing Company Limited	Diverse		7,616
	CFRS-AM			Simcoe Broadcasting Company Limited	T.M. Fielder		
	CATV			Clearview Cable TV Limited	D.M. Lounsbury – M.P. Vantill		900 (3,500)
Sioux Lookout (2,453C)	*Daily Bulletin*			W.H. Houston		Daily except Sat.	800
	CBWDT-TV	CBCO		Canadian Broadcasting Corp.	CBC	Satellite of CBWDT-TV, Dryden, Ontario.	
Stratford (24,000)	*Beacon-Herald*		Group	The Beacon-Herald of Stratford Limited	L.H. Dingman Estate	Also owns St. Thomas Times Journal.	9,901
	CJCS-AM	CBCA	Group	CJCS Limited	Countryside Holdings Limited		20,400
	CATV		Group	Grand River Cable TV Limited	Famous Players, Central Ontario Television Limited (20%)	Licenced to serve New Hamburg, Baden, Kitchener, Waterloo, Preston and Galt.	38,084 (66,000)

Sudbury (M121,000)	*Star*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	35,362
	CBFST-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC	Satellite of CBFST-TV, Sturgeon Falls.	
	CHNO-AM CFBR-AM (Fr)	 CBCA		The Sudbury Broad-casting Company Limited	F.B. Ricard F.B. Ricard		52,200
	CKSO-AM CKSO-FM	CBCA CBCA	Group Group	Cambrian Broadcasting Limited	J.M. Cooper, G.M. Miller, W.B. Plaunt		67,500
	CKSO-TV	CBCA	Group	Cambrian Broadcasting Limited	J.M. Cooper, G.M. Miller, W.B. Plaunt	Has re-broadcast rights to Timmins and Kerns.	174,500
Thunder Bay (105,800)	*Daily Times–Journal* (pm)		Group	Times-Journal of Fort William Limited	Thomson	See Group Profile.	17,105
	News Chronicle (pm)		Group	Ontario Newspapers Limited	Thomson	See Group Profile.	15,766
	CFPA-AM	CBCA		Ralph H. Parker Limited	R.H. Parker		16,200
	CJLX-AM			Lakehead Broadcasting Company Limited	R.P. MacGowan		32,500
	CKPR-AM CKPR-FM CKPR-TV	 CBCA	Group Group Group	H.F. Dougall Company Limited Thunder Bay Electronics Limited	Dougall Family Dougall Family Dougall Family	See Group Profile. See Group Profile. See Group Profile.	37,600 9,100 87,000
	CATV		Group	Lakehead Videon Limited	Famous Players 50% and diverse interests 50%		

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Timmins (28,800)	*Daily Press*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	11,779
	CKGB-AM	CBCA	Group	Timmins Broadcasting Limited	Bushnell Communications Limited	See Group Profile.	33,400
	CKGB-FM	CBCA	Group	Timmins Broadcasting Limited	Bushnell Communications Limited	See Group Profile.	
	CFCL-AM (Fr)	CBCA	Group	J. Conrad Lavigne Limited	J.C. Lavigne	Also owns CFLH-AM, Hearst, and CFLK-AM, Kapuskasing.	20,600
	CFCL-TV	CBCA	Group	J. Conrad Lavigne Limited	J.C. Lavigne		129,000
	CBFOT-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		9,400
Toronto (M2,329,200)	*Corriere Canadese*			Daisons Publications Limited	Dan Iannuzzi	Bilingual – Italian and English.	12.855
	Star (pm)		Group	Toronto Star Limited	Diverse A public company, largest shareholders Hindmarsh-Atkinson Families	See Group Profile. Owns Oakville Daily Journal-Record and also 11 weeklies around Toronto. Joint owner with Southam of Southstar Publishers Limited, publisher of The Canadian Magazine, The Canadian Star Weekly, Canadian Homes, Canadian Panorama. The Company, with the Montreal Star has applied for a UHF licence in Toronto. Application has also	387,418

Toronto continued	*Globe & Mail* (am)		Group	The Globe and Mail Limited	F.P.	See Group Profile. Also publishes the Globe Magazine; and Report on Business which is not only included as a section of the Globe and Mail but is also distributed separately (17,467 circulation). It is published daily except Monday.	255,733
	Toronto Telegram (pm)		Group	Telegram Publishing Company Limited	Bassett-Eaton Trusts	See Group Profile. Also owns Inland Publishing Company, publishing seven weeklies in and around Toronto, CFTO-TV Toronto; and 75% of CKLW-TV in Windsor.	242,805
	CBL-AM	CBCC		Canadian Broadcasting Corp.	CBC		217,900
	CBL-FM	CBCO		Canadian Broadcasting Corp.	CBC		21,500
	CJBC-AM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		16,600
	CFRB-AM		Group	CFRB Limited	Standard Broadcasting Corporation Limited	Standard is controlled by Argus Corporation Limited in which Power Corp has 10% interest through Shawinigan Industries Limited. See Group Profile.	852.500
	CKFM-FM		Group	CFRB Limited			81,600
	CFRX (sw)		Group	CFRB Limited			

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Toronto continued	CHFI-AM		Group	Rogers Broadcasting Limited	Rogers	See Group Profile.	185,600
	CHFI-FM		Group	Rogers Broadcasting Limited	Rogers	See Group Profile.	93,800
	CHIN-AM			Radio 1540 Limited	John B. Lombardi	CRTC has ruled that this frequency will be subject to re-assignment.	
	CHIN-FM			Radio CHIN-FM Limited	John B. Lombardi		
	CHUM-AM		Group	CHUM Limited	A.F. Waters	See Group Profile.	554,600
	CHUM-FM		Group	CHUM Limited	A.F. Waters	See Group Profile.	53,600
	CKEY-AM		Group	Shoreacres Broad-casting Company Limited	Maclean-Hunter Limited	See Group Profile.	207,700
	CKFH-AM			Foster Hewitt Broadcasting Limited	Hewitt Family		98,200
	CFGM-AM			CFGM Broadcasting Limited	J.O. Graham – S.H. Coxford	Based Richmond Hill	152,500
	CJRT-FM			The Board of Governors of Ryerson Polytechnical Institute			
	CFTO-TV	CTV	Group	Baton Broadcasting Limited	Bassett-Eaton Trusts	See Group Profile.	1,222,200
	CBLT-TV	CBCO		Canadian Broadcasting Corp.	CBC		1,177,000
	CICA–TV	CBCO		Canadian Broadcasting Corp.	CBC (ETV)	CBC owns and operates facilities. Ontario Department of Education controls content. Commences broadcasting September 28, 1970.	

Toronto continued	CATV	Group	Rogers Cable TV Limited	Rogers Broadcasting Limited (Rogers)	See Group Profile.	14,715 (91,771)
	CATV	Group	Hosick Television Company Limited	Cablecasting Limited (whose major share-holder is D.R. Graham) 90%		800 (22,000)
	CATV	Group	Metro Cable TV Limited	Famous Players (24%)	Famous Players also hold 100% of participating preferred shares.	
	CATV	Group	York Cablevision Limited	National Cablevision Limited (CBS Inc.; Welsh group and others)		
	CATV	Group	Maclean-Hunter Cable TV Limited	Maclean-Hunter	See Group Profile.	
	CATV		Willowdowns Cable Vision Limited	H. Heshku, E. Newton, G. Cymbalisty		
	CATV	Group	Coaxial Colourview Limited	Rogers Cable TV Limited (Rogers)	See Group Profile.	10,065 (41,076)
	CATV	Group	Clear Colour Cable Services Limited	Diverse	Also owns system serving Alliston area.	(42,500)
	CATV		Cable Utility Communications (Scarboro) Limited	Cable Utility Communications Limited. (Diverse)		
	CATV		A company to be incorporated representated by Douglas Leiterman.	Diverse (Mr. Leiterman will hold largest minority interest)		

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Waiiaceburg (10,696C)	*News*		Group	Bowes Publishers Limited	J.F. Bowes	Daily except Sat. Began daily publication November 3, 1969.	3,000 (est.)
	CATV		Group	Huron Cable TV Limited	Maclean-Hunter Limited	See Group Profile.	
Welland-Pt. Colborne (61,100)	*Evening Tribune*		Group	Thomson Newspapers Limited	Thomson	See Group Profile.	19,400
	CHOW-AM			Wellport Broadcasting Limited	G.W. Burnett		27,000
Windsor (M222,700)	*Star*			Windsor Star Limited	Graybiel Estate		86,636
	CBE-AM	CBCO		Canadian Broadcasting Corp.	CBC		16,100
Windsor continued	CKWW-AM		Group	Radio Windsor	G.W. Stirling		70,500
	CKWW-FM		Group	Canadian Limited	G.W. Stirling		5,500
	CKLW-AM		Group	Western Ontario	RKO		112,700
	CKLW-FM		Group	Broadcasting Company Limited	RKO		
	CKLW-TV	CBCA/ CTV	Group	Baton Broadcasting Limited/ St. Clair River Broadcasting Limited	Baton (Bassett-Eaton Trusts) 75% St. Clair River (CBC) 25%	Formerly owned by RKO. Bassett-Eaton ordered to sell 75% share to CBC in five years. Receives both CBC and CTV network programming.	121,400

Wingham (3,000C)	CKNX-AM	CBCA		Radio Station CKNX Limited	Cruickshank Family		46,300
	CKNX-TV	CBCA		Radio Station CKNX Limited	Cruickshank Family		109,400
Woodstock (25,400)	*Daily Sentinel Review*		Group	Thomson Newspapers Limited	Thomson	See Group Profile	10,229
	CKOX-AM		Group	Oxford Broadcasting Company Limited	Countryside Holdings Limited 50%, Ferris Family 50%		16,400
	CATV			Western Cable TV Limited	J.R. Shaw L.E. Shaw	Also own minority interest in Capital Cable Television Company Limited (Edmonton).	
Quebec							
Carleton	CHAU-TV (Fr)	CBCA	Group	Télévision de la Baie des Chaleurs Inc.	Desmarais, Brillant, Pratte control through one-third ownership each of Prades Inc.	See Group Profile. (Desmarais, Parisien, Francoeur)	122,500
Chicoutimi (34,000)	CBJ-AM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		16,300
	CJMT-AM (Fr)			C.J.M.T. Limitée	Tremblay-LaRoche		28,100
	CJPM-TV (Fr)	IND.		C.J.P.M. – T.V. Inc.	Diverse. (J.A. DeSeve Estate is largest single shareholder.)	J.A. DeSeve Estate also controls Télé-Métropole Corp., licencee of CFTM-TV, Montreal.	154,500

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Chicoutimi (continued)	CKRS-TV (Fr)	CBCA	Group	Radio Saguenay Limitée	Diverse ownership with La Société Lepage Inc. and Baribeau & Fils Inc. each holding a substantial minority interest which totals more than 50%.	See Group Profile. Satellite of CKRS-TV, Jonquière, P.Q.	
Granby (36,600)	*La Voix de L'Est* (Fr.)		Group	La Voix de L'Est, Limitée	Les Journaux Trans-Canada Ltée (Desmarais, Parisien, Francoeur)	See Group Profile.	11,775
	CHEF-AM (Fr)		Group	La Voix de L'Est, Limitée	Les Journaux Trans-Canada Ltée (Desmarais, Parisien, Francoeur)	See Group Profile.	9,400
	CATV			Transvision (Granby) Ltd.	Diverse		820 (6,000)
Hull (56,929C)	See Ottawa (Hull), Ont.						
Jonquière (31,300)	CKRS-AM (Fr)		Group	Radio Saguenay Limitée	Diverse Ownership with La Société Lepage Inc. and Baribeau & Fils Inc. each holding a substantial minority interest which totals more than 50%	See Group Profile.	
	CKRS-TV (Fr)		Group	Radio Saguenay Limitée			151,800

Matane (11,600)	CKBL-AM (Fr)	CBCA	Group	La Compagnie de Radio-diffusion de Matane Limitée	R. Lapointe	Also owns CKGN-AM, Sept Isles, P.Q.	25,100
	CKBL-TV (Fr)	CBCA	Group		R. Lapointe		104,700
Montreal (M2,563,800)	*Le Devoir* (Fr) (am)			L'Imprimerie Populaire Limitée	A non-profit cooperative.		39,916
	Gazette (am)		Group	Gazette Printing Company Limited	Southam	See Group Profile.	134,934
	Le Journal de Montréal (Fr)		Group	La Société de Publication du Journal de Montréal Limitée	Québecor Inc. (Peladeau)	Also publishes Le Journal de Québec.	48,345
	Montréal-Matin (Fr) (am)			La Fédération des Journalistes Canadiens Inc.	Faribault, Lagarde, Doucet and Cloutier		138,174
	La Presse (Fr) (pm)		Group	La Presse Limitée	Desmarais, Parisien, Francoeur	See Group Profile.	222,184
	Star (pm)		Group	Montreal Star (1968) Limited	McConnell Family	See Group Profile.	195,696
	CFMB-AM			Chateau Broadcasting Company Limited	C.G. Stanczykowski		27,700
	CFOX-AM			Lakeshore Broadcasting Limited	Gordon Sinclair Jr.	Based Pointe Claire, P.Q.	147,000
	CJAD-AM		Group	CJAD Limited	Standard Broadcasting Corporation Limited	Also owns CFRB-AM, Toronto. See Group Profile.	310,000
	CJFM-FM		Group	CJAD Limited			27,000
	CJMS-AM (Fr)		Group	CJMS Radio Montreal Limitée	R. Crépault	Part of a five station radio network owned by R. Crépault. See group profile.	394,300
	CJMS-FM (Fr)		Group	Supravox Corporation Limited	R. Crépault	See group profile.	26,000

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Montreal continued	CKAC-AM (Fr)		Group	CKAC Limitée	Télémédia (Québec) Limitée (Beaubien)	See Group Profile.	264,900
	CKGM-AM		Group	Maisonneuve Broad-casting Corporation Limited	G.W. Stirling		65,300
	CKGM-FM		Group		G.W. Stirling		38,600
	CKLM-AM (Fr)			Radio Laval Inc.	Diverse (Minority shareholders Baribeau & Fils Inc. own 20%)	See Group Profile.	151,900
	CKVL-AM		Group	Radio Futura Limited	J. Tietolman	Bilingual	378,900
	CKVL-FM		Group	Radio Futura Limited	J. Tietolman	Based Verdun, P.Q.	85,200
	CHRS-AM (Fr)			Radio Iberville Limitée	J-P. Auclair	Based Jacques Cartier P.Q.	23,400
	CBF-AM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		188,600
	CBF-FM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		8,000
	CBFT-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		1,292,700
	CBM-AM	CBCO		Canadian Broadcasting Corp.	CBC		91,300
	CBM-FM	CBCO		Canadian Broadcasting Corp.	CBC		14,800
	CBMT-TV	CBCO		Canadian Broadcasting Corp.	CBC		552,800
	CFCF-AM		Group	Cartier Communi-cations Limited	Bushnell Communi-cations Ltd.	See Group Profile.	113,000
	CFQR-FM		Group			Previously owned by Canadian Marconi Co.	87,100
	CFCX (sw)		Group	Cartier Communi-cations Limited	Bushnell Communi-cations Ltd.		
	CFCF-TV	CTV	Group				559,000
	CFTM-TV	IND.		Télé-Métropole Corporation	The J.A. DeSeve Estate	Also holds minority interest in CJPM-TV, Chicoutimi.	1,578,100

Montreal continued	CATV		Télé-câble Boucherville Inc.	R. Letourneau R. Martin	Also serves Ville Jacques Cartier.	
	CATV	Group	National Cablevision Limited	CBS Inc.; Welsh Group and others	Six systems licenced to serve various areas in and around Montreal. Also owns two systems in B.C.	
	CATV		Treeford Limited	H.R. Crabtree		650 (940)
	CATV	Group	Cable TV Limited	Famous Players	Serves Laval and other areas of city.	
	CATV		Câble de T.V. Mont-Bruno Inc.	Diverse (A. Baumann holds largest minority interest)	Serves St. Bruno.	
	CATV		Fernand Rondeau	Fernand Rondeau	Serves St. Michel. Also owns system at St. Zenon.	
Quebec City (M429,600)	*L'Action* (Fr) (pm)		L'Action Sociale Limitée	Diverse		30,702
	Le Soleil (Fr) (pm)		Le Soleil, Limitée	Gilbert Family	The offering to consumers, of shares of Le Soleil Limitée will make Le Soleil the only publicly-owned independent Canadian daily newspaper.	162,116
	Le Journal de Québec (Fr)	Group	Publication du Journal de Quebec Inc.	Québecor Inc. (Peladeau)	Also publishes Le Journal de Montreal.	11,700

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Quebec City continued	*Chronicle Telegraph*		Group	Quebec Newspapers Limited	Thomson	See Group Profile.	4,523
	CFLS-AM (Fr)			Radio Etchemin Inc.	Diverse	Based Levis, P.Q.	27,400
	CHRC-AM (Fr)		Group	C.H.R.C. Limitée	Pratte, Baribeau, Lepage	See Group Profile.	214,400
	CHRC-FM (Fr)		Group	C.H.R.C. Limitée	Pratte, Baribeau, Lepage	See Group Profile.	17,500
	CJRP-AM (Fr)		Group	C.J.L.R. Inc.	R. Crépault	Part of a five station radio network owned by R. Crépault. See Group Profile.	88,500
	CKCV-AM (Fr)		Group	C.K.C.V. (Quebec) Limitée	Pratte, Baribeau, Lepage	See Group Profile.	73,400
	CFOM-AM	CBCA	Group	The Goodwill Broadcasters of Quebec Inc.	Pratte, Baribeau, Lepage	See Group Profile.	
	CBV-AM(Fr)	CBCO		Canadian Broadcasting Corp.	CBC		52,100
	CBVT-TV(Fr)	CBCO		Canadian Broadcasting Corp.	CBC		291,600
	CFCM-TV (Fr) CKMI-TV	IND. CBCA	Group Group	Télévision de Québec (Canada) Limitée	Famous Players (substantial minority interest held by Pratte, Baribeau, Lepage group)	See Group Profile	537,500 54,700
	CATV			Télé Câble de Quebec Limited	National Cablevision Limited (CBS inc.; Welsh Group and others)		

Rimouski (21,600)	CJBR-AM (Fr)	CBCA	Group	CJBR Radio Limitée	Télémédia (Québec) Limitée (Beaubien)	See Group Profile.	96,100
	CJBR-FM (Fr)	CBCA	Group	CJBR Radio Limitée			
	CJBR-TV (Fr)	CBCA	Group	CJBR-TV Limitée	Télémedia (Québec) Limitée (Beaubien)	See Group Profile.	128,400
Rivière-du-Loup (12,400)	CJFP-AM (Fr)	CBCA	Group	Radio CJFP Limitée	Diverse (L. Simard major shareholder)	Also owns CJAF-AM, Cabano, CHRT-AM, St-Eleuthère.	29,700
	CKRT-TV (Fr)	CBCA	Group	C.K.R.T. – T.V. Limitée	Diverse (L. Simard major shareholder)		82,700
	CATV		Group	CKRT – Télévision Limitée	Diverse (L. Simard major shareholder)		0 (3,000)
Rouyn (19,100)	CKRN-AM (Fr)	CBCA	Group	Northern Radio-Radio Nord Inc.	J.Y. Gourd	Also owns CHAD-AM, Amos, CKLS-AM, La Sarre, CKVD-AM, Val d'Or.	62,400
	CKRN-TV (Fr)	CBCA	Group	Northern Radio-Radio Nord Inc.	J.Y. Gourd		126,600
	CATV		Group	Paul Television Service Limitée	Diverse	Also owns a system serving Val d'Or and Bourlamaque, P.Q.	900 (2,500)
Sherbrooke (83,200)	*La Tribune* (Fr) (pm)		Group	La Tribune (1966) Limitée	Les Journaux Trans-Canada Limitée (Desmarais, Parisien, Francoeur)	See Group Profile.	38,885
	Sherbrooke Record (Eng.) (pm)			Eastern Townships Publishing Company Limited	C.M. Black, F.D. Radler, P.G. White	Daily except Sat.	8,586
	CJRS-AM (Fr)		Group	CJRS Radio Sherbrooke Limitée	R. Crépault	Part of a five station radio network owned by R. Crépault. See Group Profile.	54,400

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Sherbrooke	CKTS-AM	CBCA	Group	Telegram Printing and Publishing Limited	Télémédia (Québec) Limitée (Beaubien)	See Group Profile.	18,600
	CHLT-AM (Fr)	CBCA	Group	CHLT Radio	Télémédia (Québec)	See Group Profile	34,900
	CHLT-FM (Fr)	CBCA	Group	Sherbrooke Limitée	Limitée (Beaubien)		10,000
	CHLT-TV (Fr)	CBCA	Group	CHLT Télé 7 Limitée	Télémédia (Québec) Limitée (Beaubien)		411,200
	CATV		Group	Rediffusion Inc.	Broadcast Relay Service (Overseas) Limited	A U.K. company	13,506 (19,000)
	CHLN-AM (Fr)	CBCA	Group	Radio Trois Rivières Inc.	Télémédia (Québec) Limitée (Beaubien)	See Group Profile.	59,800
	CJTR-AM (Fr)		Group	CJTR Radio Trois Rivières Limitée	R. Crépault	Part of a five station radio network owned by R. Crépault.	51,800
Trois-Rivières (59,900)	*Le Nouvelliste* (Fr) (am)		Group	Le Nouvelliste (1967) Limitée	Les Journaux Trans-Canada Ltée (Desmarais, Parisien, Francoeur)	See Group Profile.	46,926
	CKTM-TV (Fr)	CBCA		Télévision St. Maurice Inc.	H. Audet	See Group Profile.	148,100
	CATV			La Belle Vision Quebec Inc.	C.A. Sammons 100% (U.S. Citizen)		

New Brunswick							
Fredericton (24,200)	*Gleaner*		Group	University Press of New Brunswick Limited	Irving	See Group Profile. Formerly controlled by Brig. M. Wardell who has retained some shares and is still the Publisher.	16,758
	CBZ-AM	CBCO		Canadian Broadcasting Corp.	CBC		6,600
	CFNB-AM			Radio Atlantic Limited	Neill Family		77,900
	CATV			City Cablevision Limited	M.S. Payne		
Moncton (47,400)	*Times* (am)		Group	Moncton Publishing Company Limited	Irving	See Group Profile.	16,241
	Transcript (pm)		Group		Irving	See Group Profile.	17,044
	L'Evangéline (Fr)			L'Evangeline Limitée		Daily except Sat.	8,180
	CBA-AM	CBCO		Canadian Broadcasting Corp.	CBC		25,700
	CBAF-AM (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		7,000
	CBAFT-TV (Fr)	CBCO		Canadian Broadcasting Corp.	CBC		27,900
	CKCW-AM		Group	Moncton Broadcasting Company Limited	F.A. Lynds 70%, F.J. Brennan 30%		58,300
	CKCW-TV	CTV	Group			CRTC has approved establishment of a satellite at Saint John and a switch from CBC to CTV Network. See note re CHSJ-TV.	208,600
	CHMT-TV	CBCA	Group	New Brunswick Broadcasting Company Limited	Irving	Satellite of CHSJ-TV, Saint John.—See note. See Group Profile.	

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Saint John (M102,500)	*Telegraph-Journal* (am)		Group	New Brunswick Publishing Company Limited	Irving	See Group Profile.	29,229
	Evening Times-Globe (pm)		Group	New Brunswick Publishing Company Limited	Irving	See Group Profile.	25,170
	CBD-AM	CBCO		Canadian Broadcasting Corp.	CBC		6,900
	CFBC-AM CFBC-FM			Fundy Broadcasting Company Limited	Diverse Diverse		52,300 1,500
	CHSJ-AM		Group	New Brunswick Broadcasting Company Limited	Irving	See Group Profile.	52,700
	CHSJ-TV	CBCA	Group	New Brunswick Broadcasting Company Limited	Irving	CRTC has ruled that the licence is subject to the condition that no person with an interest in New Brunswick Broadcasting Co. Ltd. may have direct or indirect ownership or control of any shares of Capital stock in Moncton Broadcasting Ltd. See Group Profile.	296,200
	CKLT-TV	CTV	Group	Moncton Broadcasting Company Limited	F. A. Lynds 70% F. J. Brennan 30%	Satellite of CKCW-TV, Moncton, N.B.	

Nova Scotia

Amherst (10,600)	*News*			News Sentinel Limited	R. MacD. Black		3,822
	CKDH-AM		Group	Tantramar Broadcasting Limited	J. A. Manning	Manning also controls CKCL-AM and CKCL-FM, Truro.	37,700
Halifax (M205,600)	*Chronicle-Herald* (am)			The Halifax Herald Limited	G. W. Dennis		72,082
	Mail Star (pm)			The Halifax Herald Limited	G. W. Dennis		46,766
	CFDR-AM			Radio Dartmouth Limited	J. Cruickshank 37%, C. Patterson 37%	Based Dartmouth, N.S.	49,300
	CHNS-AM CHFX-FM			Maritime Broadcasting Company Limited	L.F.D. Investments Limited 52% (Laurence F. Daley and Family)		57,600 1,100
	CHNX (sw)			Maritime Broadcasting Company Limited			
	CBH-AM	CBCO		Canadian Broadcasting Corp.	CBC		15,700
	CBHT-TV	CBCO		Canadian Broadcasting Corp.	CBC		222,500
	CJCH-AM		Group	Radio CJCH 920 Limited	CHUM Limited	See Group Profile.	78,600
	CJCH-TV	CTV	Group	CJCH Limited	CTV Network 75%. Selkirk and Western Broadcasting have minority interests (25%).	See Group Profile.	236,100

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Halifax continued	CATV			A company to be incorporated represented by Donald D. Anderson	A. I. Barrow, A. G. Brown, J. K. Lawton		
	CATV			A company to be incorporated represented by Frank M. Leaman	Leaman Family 50%	Serves Dartmouth.	
New Glascow (10,900)	*News*		Group	Scotia Printers Limited	Thomson	See Group Profile.	10,055
	CKEC-AM	CBCA		Hector Broadcasting Company Limited	D.B. Freeman		24,700
	CBCT-TV	CBCO		Canadian Broadcasting Corp.	CBC	Satellite of CBCT-TV, Charlottetown, P.E.I.	
Sydney (32,600)	*Cape Breton Post*			Post Publishing Company Limited	R. D. Duchemin		27,564
	CBI-AM	CBCO		Canadian Broadcasting Corp.	CBC		15,500
	CHER-AM			Cher Broadcasters Limited	Diverse		31,800
	CJCB-AM CJCB-FM			Cape Breton Broadcasters Limited	J. M. Nathanson $33^1/_3$%, N. L. Nathanson $33^1/_3$%,		78,300
	CJCB-TV CJCX (sw)	CBCA		Cape Breton Broadcasters Limited	P. A. Hunt $33^1/_3$%		160,600

Truro (13,300)	*News*		Group	Atlantic Newspapers Limited	Bowes Publishers Limited (J. F. Bowes)		4,859
	CKCL-AM	CBCA	Group	Colchester Broad-casting Company	J.A. Manning	Also controls CKDH-AM,	23,700
	CKCL-FM	CBCA	Group	Limited	J.A. Manning	Amherst.	
	CATV		Group	Coratel Services Limited	Diverse (RCA International Devel-opment Corp. 20%)	Services a hospital in Truro and owns three hospital systems in Montreal.	
	CATV			Eastern Cable-vision Limited	E. Goguen	Also serves Bible Hill.	650 (5,200)
Charlottetown (18,500)	*Guardian* (am)		Group	Thomson Newspapers Limited	Thomson	See Group Profile	16,414
	Patriot (pm)		Group	Thomson Newspapers Limited	Thomson	See Group Profile	4,478
	CFCY-AM	CBCA		The Island Radio Broadcasting Company Limited	Diverse		66,800
	CBC-FM	CBCO		Canadian Broadcasting Corp.	CBC		
	CBCT-TV	CBCO		Canadian Broadcasting Corp.	CBC	Acquired by CBC from the Island Radio Broadcasting Company Limited.	96,400
Summerside (10,800)	*Journal-Pioneer*			Journal Publishing Company Limited	W. R. Brennan and John Mungall		7,898
	CJRW-AM			The Gulf Broadcasting Company Limited	R. Schurman		16,300

Prov/City (population)	Media Name	Bdcst Net	Media Owner	Publisher or Licensee	Indicated Control	Remarks	Circulation
Corner Brook (28,600)	*Western Star*		Group	Thomson Newspapers Limited	Thomson	See Group Profile. Previously owned by Herder.	7,884
	CFCB-AM			Humber Valley Broadcasting Company	Diverse	Also owns CFSX-AM, Stephenville, Nfld.	35,800
	CBY-AM	CBCO		Canadian Broadcasting Corp.	CBC		21,100
	CBYT-TV	CBCO		Canadian Broadcasting Corp.	CBC		55,400
	CJON-TV	CTV	Group	Newfoundland Broad-casting Company Limited	G. W. Stirling	Satellite of CJON-TV, St. John's, Nfld.	
St. John's (M107,600)	*Daily News* (am)			The Daily News Limited	Edsel Bonnell	Daily except Saturday.	8,726
	Evening Telegram (pm)		Group	Thomson Newspapers Limited	Thomson	See Group Profile. Previously owned by Herder.	29,517
	CBN-AM	CBCO		Canadian Broadcasting Corp.	CBC		27,800
	CBNT-TV	CBCO		Canadian Broadcasting Corp.	CBC		159,500
	CKZN (sw)	CBCO		Canadian Broadcasting Corp.	CBC		
	CJON-AM		Group	Newfoundland Broad-casting Company Limited	G. W. Stirling		84,500

	CJON-TV	CTV	Group	Newfoundland Broadcasting Company Limited	G. W. Stirling	Also owns CJOX-AM, CJOX-TV in Grand Falls, and CJCN-AM, CJCN-TV in Grand Bank	184,400
	VOAR-AM			Seventh-Day Adventist Church in Newfoundland			
	VOWR-AM			Wesley United Church Board			
	VOCM-AM		Group	The Colonial Broadcasting System Limited	J. V. Butler	Also owns radio station CKCM-AM, Grand Falls; CHCM-AM, Marystown; CKGA-AM, Gander.	74,800

Appendix II

THE CANADIAN BROADCASTING CORPORATION

INTRODUCTION

Over the past decade, the Canadian Broadcasting Corporation has been the subject of exhaustive and often highly controversial inquiries and debates by the Royal Commission on Government Organization, the Committee on Broadcasting, innumerable committees of Parliament and Parliament itself.

It is not the intention of this study to probe further into the policies and operations of the CBC as such. Our concern is only with those aspects of the Corporation's policies and operations that may have a significant bearing on the private sector of the broadcasting industry.

Although it is heavily financed by public funds, the CBC can have a marked impact on private stations – both its own network affiliates and those of the competing CTV affiliates – through the commercial policies it pursues.

During the mid-1960s, the CBC management of the day took the position that it was required to rely too heavily on commercial revenue to finance its operations, even though the proportion it earned from this source was modest in comparison to the total it received in grants from the public treasury. It pressed the argument on both the Federal Government and the Committee on Broadcasting that it should be permitted to dispense altogether with advertising on radio after a five-year period and to limit its net commercial revenue from television to $25 million.

In its report of 1965, the Fowler Committee strongly recommended against approval of this course. It maintained that the CBC should be required to seek to maintain at least the 4 per cent share of the radio advertising market and 25 per cent share of the television advertising market that it was then obtaining. If television and radio sales can be increased to capture, say, 30 per cent and 6 per cent of the respective advertising markets, so much the better; for the additional revenue so obtained could be devoted to further improvements in programing quality.

The committee contended that the CBC could increase its commercial revenue substantially through more intensive market research and the development of a better organized and more aggressive advertising sales force.

The committee's report recommended that the corporation be given an annual statutory grant of $25 for every television household in Canada to cover both its

operating and capital costs. While acknowledging that this would probably provide the corporation with lean fare from the public purse, the committee suggested it would make out satisfactorily if it pared certain excessive costs and actively sought more commercial revenue.

In its White Paper on broadcasting in 1966, the federal government indicated general agreement with this approach:

> The Government accepts the recommendation of the Advisory Committee that the Corporation should be financed by means of a statutory five-year grant based on a formula related to television households, with a suitable borrowing authority for capital requirements.
>
> The details of the actual amounts, which will require the exercise of a tight financial discipline by the Directors of the Corporation but will be adequate for reasonable requirements, will be submitted to Parliament by the Minister of Finance later in the year, when financial requirements of all kinds for the next and ensuing fiscal years are under consideration.

The government said it had concluded that the recommendations of the Committee on Broadcasting regarding commercial operations of the CBC should be implemented. Unlike the committee, however, the White Paper proposed a ceiling.

> It is important both to the Corporation and to private broadcasters that definite limits be set to the amount of revenue to be derived from its commercial activities. The Corporation should not seek to increase its present volume of commercial programming.
>
> Parliament will accordingly be asked to make financial provision for the Corporation on the basis that, while improving its programming, it should seek to retain but not to increase its present 25 per cent share of the television advertising market and 4 per cent of the corresponding market.

Throughout the debate in Parliament revolving around the Fowler Committee's report, the White Paper and the broadcasting bill subsequently introduced by the government, a strong consensus developed in support of this general position on the financing of the CBC.

There appears to be little room for doubt that this evident consensus, together with a change in the senior officers of the corporation, have led to a marked change in CBC policy. Like it or not, the CBC management has been left by force of circumstances with little choice but to pursue a far more aggressive commercial policy than in the past, while at the same time exercising far more rigid control over costs.

The statutory financing provisions which the Fowler Committee recommended and the government proposed, in the White Paper, to introduce later in 1966 are still awaited. In the meantime, however, the corporation has found itself a prime victim of a government economy drive and is under heavy pressure to hold down costs and to seek additional commercial revenue. This pressure comes at the end of an extended period of rapidly rising CBC expenditures. Between the fiscal year ending March 31, 1960, to 1969, total CBC expenditures rose from \$94,040,000 to \$196,487,000, an increase of 109 per cent. During the same period, CBC's net advertising revenue rose only from \$27,236,000 to \$29,645,000, an increase of 8.8 per cent. An important factor, of course, was the new competition faced by the CBC from CTV affiliated stations.

Between 1965 and 1968, when the situation had become more stabilized, the operating expenses of private broadcasters rose 33.4 per cent to \$165,770,000 and those of the CBC climbed by 40.5 per cent to \$175,490,000. During the same

period, however, the operating revenue of the private broadcasters rose by 32.6 per cent to $181,955,000, while the CBC revenue increased by only 11.6 per cent to a total of $27,934,000.

It will be recalled that in the White Paper the federal government agreed with the recommendation of the Committee on Broadcasting that the CBC should seek to obtain 25 per cent of television advertising revenue and 4 per cent of radio advertising revenue, although the government stipulated this should be a ceiling rather than the floor suggested in the Committee's report.

In point of fact, the CBC has failed to meet either of the targets proposed by the committee and the government. As indicated in the following table prepared by the CBC in response to our inquiry, the corporation's share of net radio advertising revenue (after deduction of agency commissions) has declined from a peak during the present decade of 4.2 per cent in 1961 to 1.8 per cent in 1968.

The CBC's share of net advertising revenue in television, which has been particularly affected by the establishment of the CTV network, has dropped from a high point of 51.9 per cent in 1960 to 25.1 per cent in 1965 and to 23.9 per cent in 1968.

Table A. CBC's Share of Net Advertising Revenue from Radio and Television, 1960 – 1968

	Radio			
	Total	Private	CBC	CBC % of Total
	Dollars	Dollars	Dollars	Per Cent
1960	47,755,000	46,000,000	1,755,000	3.7
61	49,828,000	47,749,000	2,079,000	4.2
62	53,757,000	51,612,000	2,145,000	4.0
63	59,130,000	57,003,000	2,127,000	3.6
64	65,121,000	63,216,000	1,905,000	2.9
65	70,640,000	68,656,000	1,984,000	2.8
66	80,047,000	78,213,000	1,834,000	2.3
67	88,467,000	86,702,000	1,763,000	2.0
68	95,087,000	93,389,000	1,698,000	1.8
	Television			
1960	48,606,000	23,405,000	25,201,000	51.9
61	54,082,000	33,130,000	20,952,000	38.7
62	61,348,000	41,222,000	20,126,000	32.8
63	69,953,000	48,695,000	21,258,000	30.4
64	80,389,000	58,167,000	22,222,000	27.6
65	91,424,000	68,515,000	22,909,000	25.1
66	100,095,000	76,218,000	23,877,000	23.9
67	111,656,000	84,891,000	26,765,000	24.0
68	116,307,000	88,566,000	27,741,000	23.9

Source: 1960-1967, D.B.S. and CBC figures; 1968, Maclean-Hunter Research Bureau and CBC Actual (Prepared by Canadian Broadcasting Corporation).

Prior to the new policy direction prescribed by the federal government and Parliament, the CBC proposed to extend the number of its own stations. It proposed also that it should be permitted to reduce its reliance on commercial revenues and on the popular American programs that played such a large part in helping to produce them. Under these circumstances, it would have a greater opportunity to devote resources to Canadian programs that were less likely to have the same mass audience appeal and revenue-raising possibilities.

The Fowler Committee, the government evidently concurring, opposed any major extension of the CBC into areas now served by its private affiliates. The committee took the view that the CBC should be required to earn a significant share of its income from advertising to relieve the burden on the treasury, prevent programming from becoming too avant-garde and to help maintain the income received by private affiliates as their share of network advertising revenue.

In connection with this third point, the committee's report noted at another stage (p. 303):

> A separate study of the CBC private affiliates would no doubt show that they are becoming restive under the growing competitive pressure and anxious to achieve sounder financial arrangements with the CBC.

Over the past few years, the CBC has made a substantial number of changes in its commercial policies and practices that are aimed at increasing the revenues received both by private affiliates and its own stations from television network advertising and the revenues obtained by CBC-owned stations from selective advertising placed on individual stations during non-network broadcasting time.

Some CBC officials would undoubtedly argue that these changes are all part of continuing efforts to maximize advertising revenue within the context of the corporation's commercial policy. From the available evidence, however, it seems apparent that there has been a significant shift in policy that places a new emphasis on commercial revenues and a consequent shift in the CBC's commercial practices.

The amount of advertising time during prime network hours has been increased, although it still falls short of the maximum permitted under C.R.T.C. regulations; advertising rates have been substantially increased. More opportunity has been provided for private affiliates and the CBC's own stations to insert more highly remunerative selective advertising during network breaks. During non-network time periods, CBC-operated stations have been permitted to make greater use of spot announcements and to include advertising up to the limit permitted by regulation. This is twelve minutes in an hour. The list of products banned for advertising on the CBC on grounds of taste and propriety has been narrowed. (The corporation no longer considers it offensive to permit advertising of toilet tissue, foundation garments, and depilatories).

For many years, news, public affairs and weather were considered sacrosanct by the CBC, to be isolated from even the remotest association with advertising at any cost. While sponsorship of such programmes is still not permitted as a matter of policy, the CBC increasingly has permitted spot announcements to be inserted around such programmes.

While distinctions are still drawn, they appear to have become increasingly tenuous. A local evening program under the title of *Weekday* on CBL-TV

(Toronto), for example, is made up of a combination of news, public affairs and sports features. Sports broadcasts may not only include spot advertising, but may be sponsored by an advertiser. While no advertising spots are carried during news or public affairs features, they may be inserted between them.

On the CTV network, few programmes are sponsored by advertisers, who as a general rule buy only spot advertising time. The CBC has long tried to maintain its practice of obtaining regular sponsors for its network programmes. It has been steadily forced to give ground, however, and to make more provision for spot advertising during network programming, which it refers to as "participation sponsorship."

There is reason to believe that further changes in commercial practices are being considered by the CBC management in line with the new thrust of its commercial policies. It should be noted that the kinds of changes noted above have been unrelated to programme policy. They have been aimed at securing greater commercial revenues without resorting to a more commercialized programming policy.

We have not sought to inquire into the efficiency or aggressiveness of the CBC advertising sales force, but the very fact that the value of programme time available for advertising which went unused increased from $26,935,000 in fiscal 1965 to $31,177,000 in 1969 suggests there may be some room for improvement.

Apart from the consideration of cost to the public for operation of the CBC raised by the Fowler Committee, the maintenance of some reasonably adequate level of commercial revenue during network programming is of considerable importance for many of the CBC's private affiliates.

DATA RELATIVE TO CBC OPERATIONS

The following financial data were prepared by the Canadian Broadcasting Corporation at the request of Hopkins, Hedlin Limited. Essentially these data bring up to date the financial information for 1960-65 made available by the Corporation to Touche, Ross, Bailey & Smart, Chartered Accountants and Financial Advisers to The Committee on Broadcasting for inclusion in Appendix A of the Committee's report in 1965.

Hopkins, Hedlin would like to express its sincere appreciation to the CBC for its very extensive labours in meeting this and many other requests for information.

Table B. Balance Sheets as at March 31, 1965–1969

	1969	1968	1968	1967	1966	1965
			Dollars			
CURRENT ASSETS						
Cash	15,000,000	8,917,000	8,917,000	6,525,000	6,052,000	3,036,000
Accounts Receivable	6,784,000	6,278,000	5,942,000	4,895,000	4,841,000	3,996,000
Due from Canada in respect of expenditures incurred on behalf of International Broadcasting Service	–	–	336,000	252,000	303,000	195,000
Investment in Canada bonds, (at cost)	–	963,000	963,000	963,000	963,000	963,000
Engineering and production supplies, (at cost)	2,714,000	2,563,000	2,563,000	2,582,000	2,027,000	1,732,000
Programs completed and in process of production	7,051,000	7,882,000	7,882,000	10,790,000	4,878,000	5,249,000
Film and script rights	2,993,000	3,525,000	3,525,000	3,974,000	2,322,000	1,845,000
Prepaid rent, insurance and other items	332,000	359,000	359,000	466,000	208,000	207,000
Total Current Assets	34,874,000	30,487,000	30,487,000	30,447,000	21,594,000	17,223,000
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	18,906,000	14,457,000	14,457,000	15,265,000	12,369,000	7,360,000
Due to Canada – Refundable balance of grant in respect of the net operating amount required to discharge the responsibilities of the national broadcasting service	271,000	644,000	644,000	40,000	181,000	31,000
Total Current Liabilities	19,177,000	15,101,000	15,101,000	15,305,000	12,550,000	7,391,000
Working Capital (See Note 1)	15,697,000	15,386,000	15,386,000	15,142,000	9,044,000	9,832,000
CAPITAL ASSETS (at cost)						
International Broadcasting Service facilities (contra) CBC assets	–	–	6,515,000	6,408,000	6,343,000	6,312,000
Land and buildings	57,477,000	52,688,000	47,911,000	44,370,000	38,494,000	32,461,000
Technical equipment	100,847,000	86,313,000	84,734,000	72,371,000	51,054,000	43,992,000

Furnishings and equipment	5,597,000	5,234,000	5,092,000	4,788,000	4,408,000	4,137,000
Other	2,214,000	1,970,000	1,952,000	1,495,000	990,000	976,000
	166,135,000	146,205,000	139,689,000	123,024,000	94,946,000	81,566,000
Less: accumulated depreciation	65,572,000	56,918,000	51,771,000	46,033,000	40,575,000	36,209,000
Total CBC assets	100,563,000	89,287,000	87,918,000	76,991,000	54,371,000	45,357,000
Total Capital Assets (including International Service facilities)	100,563,000	89,287,000	94,433,000	83,398,000	60,714,000	51,669,000
Net Assets (including International Broadcasting Service facilities)	116,260,000	104,673,000	109,819,000	98,540,000	69,758,000	61,501,000
Equity of Canada in:						
International Broadcasting Service (contra)	–	–	6,515,000	6,407,000	6,343,000	6,312,000
CBC						
Loans to finance the acquisition of capital assets	92,370,000	74,125,000	74,125,000	55,715,000	26,705,000	14,250,000
Proprietor's Equity Account	23,890,000	30,548,000	29,179,000	36,418,000	36,710,000	40,939,000
Total CBC Equity	116,260,000	104,673,000	103,304,000	92,133,000	63,415,000	55,189,000
Total Equity of Canada	116,260,000	104,673,000	109,819,000	98,540,000	69,758,000	61,501,000

[1]NOTE:- Amounts in excess of $9,000,000 in 1965, 1966, and $15,000,000 in 1967, 1968 and 1969 represent unexpended portion of capital loans.
[2]1968 restated to include International Service assets with those of the corporation for comparative purposes per published report.

Table C. Equity of Canada at March 31, 1965–1969

	1969	1968	1967	1966	1965
			Dollars		
Capital Loans					
Balance as at April 1 of the fiscal year	74,125,000	55,715,000	26,705,000	14,250,000	–
Add: Additional Loans for the fiscal year:					
Total Loans approved	25,000,000	30,398,000	30,424,000	14,000,000	14,250,000
Less Loans not drawn	(2,800,000)	(9,098,000)	(43,000)	(833,000)	–
	22,200,000	21,300,000	30,381,000	13,167,000	14,250,000
Sub-Total	96,325,000	77,015,000	57,086,000	27,417,000	–
Deduct: Loan repayment	3,955,000	2,890,000	1,371,000	712,000	–
	92,370,000	74,125,000	55,715,000	26,705,000	14,250,000
Proprietor's Equity Account					
– Balance as at April of the fiscal year	29,179,000	36,418,000	36,710,000	40,939.000	45,612,000
– Advance for purpose of increasing – working capital					
– Net Book Value of Capital Assets of I.S.	1,368,000	–	6,000,000	–	–
– Amount included for repayment of Government of Canada loans in Parliamentary grant in respect of the net operating amount required to discharge the responsibilities of the National Broadcasting Service	3,955,000	2,890,000	1,371,000	712,000	–
Sub-Total	34,502,000	39,308,000	44,081,000	41,651.000	45,612,000
Deduct:					
– Depreciation, included as an operating cost not recoverable from Parliamentary grant	9,914,000	9,072,000	7,013,000	4,738,000	4,522,000
– Net write-off arising from physical inventory of capital assets (including installation costs)	663,000	1,005,000	–	–	–
– Net Loss on retirement of Capital	35,000	52,000	650,000	203,000	151,000
	10,612,000	10,129,000	7,663,000	4,941.000	4,673,000
Balance as at March 31 of the fiscal year	23,890,000	29,179,000	36,418,000	36,710,000	40,939,000
Total Equity of Canada	116,260,000	103,304,000	92,133,000	63,415,000	55,189,000

Table D. Capital Loans, 1965–1969

Year and Rate of Interest	Loans – 20 Year Repayment					
	Borrowed		Repaid			
	Yearly	Cumulative	Yearly	Cumulative	Balance	Interest Paid
	Dollars					
1964/65 $5\,^1/_4 - 5\,^3/_8\%$	$14,250,000	$ 14,250,000	$ –	$ –	$14,250,000	$ 374,000
1965/66 $5\,^1/_4 - 5\,^5/_8\%$	13,167,000	27,417,000	713,000	713,000	26,704,000	1,009,000
1966/67 $5\,^3/_4 - 6\%$	30,382,000	57,799,000	1,371,000	2,084,000	55,715,000	2,203,000
1967/68 $5\,^9/_{16} - 6\,^{11}/_{16}\%$	21,300,000	79,099,000	2,890,000	4,974,000	74,125,000	3,760,000
1968/69 $6\,^{11}/_{16} - 7\,^3/_8\%$	22,200,000	101,299,000	3,955,000	8,929,000	92,370,000	4,762,000

Table E. Funds Provided by Parliament – Years ended March 31, 1960–69

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
					Dollars					
Grants										
For operations (see notes)	$52,300,000	$59,289,000	$70,252,000	$72,655,000	$78,377,000	$85,869,000	$95,063,000	$112,403,000	$139,503,000	$148,329,000
For capital expenditures	6,260,000	5,619,000	6,462,000	6,390,000	7,333,000	–	–	–	–	–
For increasing working capital	–	3,000,000	–	–	–	–	–	6,000,000	–	–
Loans										
For capital expenditures (note 2)	–	–	–	–	–	14,250,000	13,167,000	30,382,000	21,300,000	22,200,000
Total	$58,560,000	$67,908,000	$76,714,000	$79,045,000	$85,710,000	$100,119,000	$108,230,000	$148,785,000	$160,803,000	$170,529,000
Notes:										
1. Net cost of operations	$55,476,000	$62,865,000	$74,291,000	$76,964,000	$82,553,000	$90,392,000	$99,089,000	$118,044,000	$145,685,000	$154,951,000
Add: Amount required for repayment of loan	–	–	–	–	–	–	713,000	1,371,000	2,890,000	3,955,000
Less: Depreciation included therein	(3,176,000)	(3,576,000)	(4,039,000)	(4,039,000)	(4,176,000)	(4,523,000)	(4,729,000)	(7,012,000)	(9,072,000)	(10,577,000)
Provided by Parliamentary Grants	$52,300,000	$59,289,000	$70,252,000	$72,655,000	$78,377,000	$85,869,000	$95,063,000	$112,403,000	$139,503,000	$148,329,000

2. In the year ended March 31, 1965 the government changed its method of providing funds to the Corporation for capital. Instead of making grants for capital expenditures the Government has made loans on which interest is payable and repayments of capital are required in equal annual instalments over a twenty-year period.

3. The year 1969 includes an amount of $3,459,000 for International Service which was financed out of a separate parliamentary appropriation in previous years.

Table F. Analysis of Radio and Television Revenues by Category for the Years 1964/65, 1968/69

	RADIO					TELEVISION					COMBINED REVENUES				
	1968/69	1967/68	1966/67	1965/66	1964/65	1968/69	1967/68	1966/67	1965/66	1964/65	1968/69	1967/68	1966/67	1965/66	1964/65
			Dollars					Dollars					Dollars		
Spot Announcements	1,274,000	1,291,000	1,302,000	1,340,000	1,290,000	11,749,000	9,516,000	8,590,000	7,573,000	6,292,000	13,023,000	10,987,000	9,892,000	8,913,00	7,582,000
Sponsored Programs															
Station Time															
Local	59,000	27,000	69,000	83,000	44,000	347,000	303,000	330,000	351,000	305,000	406,000	330,000	399,000	434,000	349,000
Network	148,000	220,000	174,000	236,000	257,000	5,560,000	5,400,000	4,878,000	4,518,000	4,174,000	5,708,000	5,620,000	5,052,000	4,754,000	4,431,000
Private Stations	177,000	218,000	222,000	254,000	243,000	6,395,000	6,528,000	5,916,000	5,503,000	5,739,000	6,572,000	6,746,000	6,138,000	5,757,000	5,981,000
Total Station Time	384,000	465,000	465,000	573,000	544,000	12,302,000	12,231,000	11,124,000	10,372,000	10,217,000	12,686,000	12,586,000	11,589,000	10,945,000	10,761,000
Network Distribution	–	–	–	–	–	2,116,000	2,177,000	2,079,000	1,904,000	1,962,000	2,116,000	2,177,000	2,079,000	1,904,000	1,962,000
Program Package	179,000	165,000	221,000	255,000	253,000	6,415,000	7,644,000	6,615,000	7,155,000	7,993,000	6,594,000	7,809,000	6,836,000	7,410,000	8,246,000
Total Sponsored Programs	563,000	630,000	685,000	929,000	797,000	20,833,000	22,052,000	19,818,000	19,431,000	20,172,000	21,395,000	22,582,000	20,504,000	20,259,000	20,969,000
Commercial Productions	–	–	1,000	2,000	–	359,000	365,000	324,000	308,000	328,000	359,000	365,000	325,000	312,000	323,000
Agency Commissions & Allowances To U.S. Networks	181,000	204,000	225,000	245,000	253,000	4,607,000	4,232,000	3,919,000	3,699,000	3,802,000	4,788,000	4,436,000	4,144,000	3,945,000	4,055,000
Sub-Total	2,018,000	2,125,000	2,214,000	2,418,000	2,340,000	37,548,000	36,265,000	32,651,000	31,011,000	30,594,000	39,566,000	38,890,000	34,865,000	33,429,000	32,934,000
Export Sales	–	3,000	–	–	–	199,000	341,000	288,000	134,000	331,000	199,000	344,000	288,000	134,000	331,000
Gross Advertising Revenue	2,018,000	2,128,000	2,214,000	2,418,000	2,340,000	37,747,000	36,606,000	32,939,000	31,145,000	30,925,000	39,765,000	38,734,000	35,153,000	33,563,000	33,265,000
Miscellaneous – Operating Centres	8,000	15,000	32,000	23,000	11,000	587,000	449,000	148,000	91,000	83,000	595,000	454,000	180,000	114,000	94,000
Head Office *											222,000	228,000	207,000	189,000	152,000
Supervision I.S. *											–	200,000	157,000	135,000	120,000
Total Miscellaneous Income											917,000	892,000	544,000	438,000	366,000
Interest on Investments *											954,000	574,000	499,000	357,000	212,000
Gross Income – (Including Head Office *)											41,536,000	40,200,000	36,196,000	34,358,000	33,843,000

Table G. Costs and Related Revenue of Programs Available for Advertising for the Years Ended March 31, 1965–1969

	As included in published report				
	1969	1968	1967	1966	1965
Programs which carried advertising	$46,939,000	$43,088,000	$35,338,000	$33,710,000	$32,654,000
Programs available but which did not carry advertising	31,177,000	32,953,000	28,243,000	22,287,000	26,935,000
Programs and related costs (exclusive of operational supervision, selling and general administration)	78,116,000	76,041,000	63,581,000	55,997,000	59,589,000
Advertising revenue – gross	$39,765,000	$38,734,000	$35,153,000	$33,563,000	$33,208,000

Table H. Statement of Operations for the years ended March 31, 1965–1969

	Including International Service		Excluding International Service			
	1969	1968*	1968	1967	1966	1965
EXPENSE						
Cost of production and distribution:						
Programs	$124,174,100	$119,439,507	$119,439,507	$ 98,001,881	$ 85,656,953	$ 79,618,703
Network distribution	15,086,399	14,137,682	14,137,682	12,149,163	11,536,284	10,727,250
Station transmission	8,815,272	7,827,549	7,827,549	5,906,199	5,509,995	5,003,930
Payments to private stations	5,332,007	5,464,020	5,464,020	5,010,405	4,590,870	4,752,553
Commissions to agencies and networks	4,787,964	4,435,999	4,435,999	4,143,701	3,944,840	4,055,311
	$158,195,742	$151,304,757	$151,304,757	$125,211,349	$111,238,942	$104,157,747
Operational supervision and services:						
Programs	6,373,135	5,636,175	5,636,175	4,899,849	4,044,035	4,315,089
Administration	6,729,100	5,877,009	5,877,009	5,501,765	4,645,489	3,871,424
General	3,134,518	2,868,904	2,868,904	2,660,139	2,185,755	2,130,177
	16,236,753	14,382,088	14,382,088	13,061,753	10,875,279	10,316,690
International Service	3,674,641	3,677,377	-0-	-0-	-0-	-0-
Emergency Broadcasting	505,950	1,008,578	1,008,578	931,238	887,043	869,335
Radio and Television broadcasting services at Canadian Universal and International Exhibition, Montreal, 1967	-0-	3,921,493	3,921,493	2,690,355	301,245	-0-
Total cost of production and distribution	178,613,086	174,294,293	170,616,916	141,894,695	123,302,509	115,343,772
Selling and general administration:						
Selling expense	3,010,304	2,695,722	2,695,722	2,416,259	2,125,359	1,998,579
Engineering and development	1,703,028	1,485,361	1,485,361	1,308,541	1,104,872	1,128,796
Management and central services	8,398,743	7,327,819	7,327,819	6,418,146	5,904,756	5,331,629
	13,112,075	11,508,902	11,508,902	10,142,946	9,134,987	8,459,004
Interest on loans to finance the acquisition of capital assets	4,762,144	3,759,621	3,759,621	2,202,958	1,009,323	373,960
Total expense	196,487,305	189,562,816	185,885,439	154,240,599	133,446,819	124,176,736

Table H. Statement of Operations for the years ended March 31, 1965–1969 (Continued)

	Including International Service		Excluding International Service			
	1969	1968*	1968	1967	1966	1965
INCOME						
Advertising revenue – gross	39,764,781	38,734,295	38,734,295	35,153,014	33,562,816	33,208,050
Interest on investments	954,366	573,568	573,568	498,844	357,006	211,584
Miscellaneous	816,675	692,057	892,939	544,152	438,211	365,669
	41,535,822	39,999,920	40,200,802	36,196,010	34,358,033	33,785,303
Net Cost of Operations	$154,951,483	$149,562,896	$145,684,637	$118,044,589	$ 99,088,786	$ 90,391,433

* For comparison with 1969 operations, International Service figures are includes in this column.

Table I. Analysis of Production and Distribution Costs and of Revenue for the Years Ended March 31, 1965–1969

	1969	1968	1967	1966	1965
			Dollars		
Cost of production and distribution					
Radio Service:					
Programs	25,785,000	22,943,000	20,204,000	17,516,000	15,738,000
Network Distribution	3,219,000	2,837,000	2,664,000	2,542,000	2,367,000
Station Transmission	2,849,000	2,618,000	2,053,000	1,835,000	1,728,000
Payments to Private Stations	136,000	157,000	155,000	188,000	183,000
Commissions to Agencies and Networks	181,000	204,000	225,000	246,000	253,000
Operational Supervision and Services	3,303,000	2,814,000	2,717,000	2,175,000	2,012,000
Total Radio	35,473,000	31,573,000	28,018,000	24,502,000	22,281,000
Television Service:					
Programs	98,388,000	96,497,000	77,798,000	68,141,000	63,881,000
Network Distribution	11,868,000	11,301,000	9,485,000	8,994,000	8,360,000
Station Transmission	5,966,000	5,209,000	3,853,000	3,675,000	3,276,000
Payments to Private Stations	5,196,000	5,307,000	4,855,000	4,403,000	4,570,000
Commissions to Agencies and Networks	4,607,000	4,232,000	3,919,000	3,699,000	3,802,000
Operational Supervision and Services	12,934,000	11,568,000	10,345,000	8,701,000	8,305,000
Total Television	138,959,000	134,114,000	110,255,000	97,613,000	92,194,000
International Service	3,675,000	–	–	–	–
International Broadcasting Centre (Expo '67)	–	3,921,000	2,691,000	301,000	–
Emergency Broadcasting	506,000	1,009,000	931,000	887,000	869,000
Total Cost of Production and Distribution	178,613,000	170,617,000	141,895,000	123,303,000	115,344,000
Advertising Revenue (Gross)					
Radio Service	2,018,000	2,128,000	2,214,000	2,418,000	2,335,000
Television Service	37,747,000	36,606,000	32,939,000	31,145,000	30,537,000
Total Advertising Revenue	39,765,000	38,734,000	35,153,000	33,563,000	32,872,000

Table J. Analysis of Production and Distribution Costs and of Revenue – English Language for Years Ended March 31, 1965–1969

	1969	1968	1967	1966	1965
			Dollars		
Cost of Production and Distribution					
Radio Service:					
Programs	18,148,000	16,238,000	14,268,000	12,351,000	11,353,000
Network Distribution	2,256,000	2,082,000	1,856,000	1,899,000	1,770,000
Station Transmission	2,379,000	2,181,000	1,720,000	1,521,000	1,434,000
Payments to Private Stations	68,000	31,000	22,000	49,000	47,000
Commissions to Agencies and Networks	121,000	114,000	122,000	135,000	140,000
Operational Supervision and Services	2,358,000	2,026,000	1,934,000	1,555,000	1,465,000
Total Radio	25,330,000	22,672,000	19,922,000	17,510,000	16,209,000
Television Service:					
Programs	59,928,000	60,153,000	48,404,000	42,151,000	39,752,000
Network Distribution	9,678,000	8,909,000	7,567,000	7,276,000	6,778,000
Station Transmission	4,109,000	4,133,000	2,746,000	2,597,000	2,276,000
Payments to Private Stations	4,434,000	4,637,000	4,208,000	3,627,000	3,566,000
Commissions to Agencies and Networks	3,812,000	3,561,000	3,236,000	2,978,000	3,055,000
Operational Supervision and Services	8,407,000	7,713,000	6,848,000	5,743,000	5,478,000
Total Television	90,368,000	89,106,000	73,009,000	64,372,000	60,905,000
Advertising Revenue (Gross)					
Radio Service	1,277,000	1,183,000	1,180,000	1,290,000	1,245,000
Television Service	30,232,000	29,929,000	26,279,000	23,613,000	22,593,000
Total Advertising Revenue	31,509,000	31,112,000	27,459,000	24,903,000	23,838,000

Table K. Analysis of Production and Distribution Costs and of Revenue – French Language for Years Ended March 31, 1965–1969

	1969	1968	1967	1966	1965
			Dollars		
Cost of production and distribution					
Radio Service:					
Programs	7,637,000	6,705,000	5,936,000	5,165,000	4,385,000
Network Distribution	963,000	755,000	808,000	643,000	597,000
Station Transmission	470,000	437,000	333,000	314,000	294,000
Payments to Private Stations	68,000	126,000	133,000	139,000	136,000
Commissions to Agencies and Networks	60,000	90,000	103,000	111,000	113,000
Operational Supervision and Services	945,000	788,000	783,000	620,000	547,000
Total Radio	10,143,000	8,901,000	8,096,000	6,992,000	6,072,000
Television Service:					
Programs	38,460,000	36,344,000	29,394,000	25,990,000	24,129,000
Network Distribution.	2,190,000	2,392,000	1,918,000	1,718,000	1,582,000
Station Transmission	1,857,000	1,076,000	1,107,000	1,078,000	1,000,000
Payments to Private Stations	762,000	670,000	647,000	776,000	1,004,000
Commissions to Agencies and Networks	795,000	671,000	683,000	721,000	747,000
Operational Supervision and Services	4,527,000	3,855,000	3,497,000	2,958,000	2,827,000
Total Television	48,591,000	45,008,000	37,246,000	33,241,000	31,289,000
Advertising Revenue (Gross)					
Radio Service	741,000	945,000	1,034,000	1,128,000	1,090,000
Television Service	7,515,000	6,677,000	6,660,000	7,532,000	7,944,000
Total Advertising Revenue	8,256,000	7,622,000	7,694,000	8,660,000	9,034,000

Table L. Radio Cost of Programs Broadcast Including Hours Year Ended March 31, 1968–1969

	1969			1968		
	Hours	Costs	Average	Hours	Costs	Average
		Dollars			Dollars	
Program Purchase Cost						
News	4,473	317,000	71	3,096	260,000	84
Public Affairs	3,157	1,132,000	358	7,056	1,084,000	154
Farm and Fish	752	225,000	299	408	194,000	475
Light Entertainment	9,618	1,391,000	145	16,693	1,535,000	92
Drama	1,919	1,178,000	614	3,140	1,045,000	333
Serious Music	8,354	2,074,000	248	13,949	1,792,000	128
Schools, Children's and Youth	649	232,000	357	794	220,000	277
Sports	2,226	488,000	219	2,740	430,000	157
Special Events	113	23,000	204	1,049	152,000	145
Religious	300	67,000	223	874	133,000	152
Institutional	295	93,000	316	385	79,000	205
Features	1,881	534,000	284	1,228	421,000	343
Cultural	337	110,000	326	549	127,000	230
Miscellaneous	37,767	824,000	22	18,876	922,000	40
	71,841	8,688,000	121	70,837	8,394,000	118
Labour and Overhead	–	14,452,000		–	12,382,000	
Other Production Costs[1]	–	932,000		73	828,000	
Items Not Charged Directly to Program Categories[2]	–	1,714,000		–	1,339,000	
Total Cost of Programs Broadcast	71,841	25,786,000	359	70,910	22,943,000	307

1 Contains auditions, promos, program changes and errors, network production services and (surplus) deficit on network program transfers.
2 Contains local supervision, special programs, improvements to leased properties and depreciation.

Table M. Television Program Costs 1965–1969

	English Language		French Language		Total	
	1965	1969	1965	1969	1965	1969
News	$ 4,495,000	$ 7,427,000	$ 1,576,000	$ 3,655,000	$ 6,071,000	$ 11,082,000
Talks and Public Affairs	5,944,000	9,311,000	2,361,000	3,990,000	8,305,000	13,301,000
Farm and Fish	366,000	1,738,000	200,000	464,000	566,000	2,202,000
Religious	335,000	1,484,000	326,000	561,000	661,000	2,045,000
Children's and Educational	3,980,000	5,358,000	4,305,000	5,503,000	8,485,000	10,861,000
Feminine	186,000	127,000	748,000	1,133,000	934,000	1,260,000
Sports	2,074,000	3,566,000	1,212,000	2,196,000	3,286,000	5,762,000
Special Events, Community & Outside Broadcasts	2,299,000	552,000	309,000	221,000	2,608,000	773,000
Variety & Light Entertainment	6,293,000	9,113,000	3,500,000	4,443,000	9,793,000	13,556,000
Institutional	–	25,000	–	148,000	–	173,000
Cultural	–	29,000	–	647,000	–	676,000
Drama	3,598,000	3,866,000	2,448,000	3,623,000	6,046,000	7,489,000
Music	115,000	971,000	529,000	1,175,000	644,000	2,146,000
Features	–	1,765,000	–	–	–	1,765,000
Other	12,000	394,000	56,000	27,000	68,000	421,000
	29,697,000	45,726,000	17,770,000	27,786,000	47,467,000	73,512,000
Procured Film	5,450,000	6,286,000	3,527,000	5,779,000	8,977,000	12,065,000
Other Production Costs	4,605,000	7,916,000	2,832,000	4,895,000	7,437,000	12,811,000
Distribution and other network costs	6,778,000	9,678,000	1,582,000	2,190,000	8,360,000	11,868,000
Transmission and other local costs	2,276,000	4,109,000	1,000,000	1,857,000	3,276,000	5,966,000
	$48,806,000	$73,715,000	$26,711,000	$42,507,000	$75,517,000	$116,222,000
Television expenditures for 1965 and 1969						
Cost of programs	$39,752,000	59,928,000	24,129,000	38,460,000	63,881,000	98,388,000
Network Distribution	6,778,000	9,678,000	1,582,000	2,190,000	8,360,000	11,868,000
Station Transmission	2,276,000	4,109,000	1,000,000	1,857,000	3,276,000	5,966,000
	$48,806,000	$73,715,000	$26,711,000	$42,507,000	$75,517,000	$116,222,000

Table N. Corporate Statement of Expenses for Years Ended March 31, 1965–1969

Description	1969 (includes Int. Ser.)	1968 (includes Int. Ser.)	1968	1967	1966	1965
Salaries & Wages	$76,359,000	$70,540,000	$68,865,000	$58,993,000	$50,951,000	$47,827,000
Overtime	7,106,000	7,109,000	6,995,000	6,408,000	3,936,000	3,398,000
Other Employment Expenses	6,367,000	5,768,000	5,654,000	4,893,000	4,111,000	3,731,000
Salary Expense	89,832,000	83,417,000	81,514,000	70,294,000	58,998,000	54,956,000
Performers' Fees, Authors', Composers' & Other Rights	23,369,000	23,051,000	22,756,000	22,401,000	18,874,000	18,095,000
Film Rights and Commissioned Productions	15,294,000	15,493,000	15,455,000	13,560,000	11,905,000	10,825,000
Recording and Film Processing	6,949,000	7,301,000	7,027,000	5,565,000	3,871,000	3,493,000
T.V. Staging and Production Costs	4,998,000	5,365,000	5,360,000	5,605,000	3,235,000	3,258,000
Maintenance of Technical Equipment	2,652,000	2,415,000	2,384,000	2,259,000	1,738,000	1,846,000
Building Rental & Maintenance	6,756,000	7,271,000	7,245,000	5,953,000	5,051,000	4,805,000
Lines and Microwave	11,799,000	11,880,000	11,854,000	10,285,000	9,965,000	9,257,000
General Expenses (including Fees, Travelling Allowances, Car & Truck Expenses, Publicity, Office Services, Communications, Miscellaneous General Expenses)	11,815,000	10,511,000	10,451,000	9,617,000	7,963,000	7,010,000
Depreciation	10,577,000	9,284,000	9,072,000	7,013,000	4,739,000	4,522,000
Payments to Private Stations	5,332,000	5,464,000	5,464,000	5,010,000	4,591,000	4,753,000
Agency Commissions and Allowances to U.S. Networks	4,788,000	4,436,000	4,436,000	4,144,000	3,945,000	4,055,000
Capital Loan – Principal	3,955,000	2,890,000	2,890,000	1,370,000	713,000	–
– Interest	4,762,000	3,760,000	3,760,000	2,203,000	1,009,000	374,000
Capital Loan Financing	8,717,000	6,650,000	6,650,000	3,573,000	1,722,000	374,000
Total Gross Expense	$202,878,000	$192,538,000	$189,668,000	$165,279,000	$136,597,000	$127,249,000

Recoveries						
Capitalization of Expenses	$3,019,000	$2,749,000	$2,749,000	$2,731,000	$2,125,000	$1,991,000
Dept. of National Defence	243,000	244,000	302,000	278,000	214,000	205,000
International Service	–	–	569,000	546,000	463,000	438,000
Miscellaneous	4,000	1,000	182,000	222,000	–	–
Total Recoveries	3,266,000	2,994,000	3,802,000	3,777,000	2,802,000	2,634,000
(Increase) Decrease in Program Inventory	830,000	2,909,000	2,909,000	(5,891,000)	365,000	(439,000)
Total Cost of Operations	$200,442,000	$192,453,000	$188,775,000	$155,611,000	$134,610,000	$124,176,000

* Some of the objects of expenditures shown in this statement were published in Fowler but on a more abbreviated basis.

Table O. Capital Expenditures – Budgets vs Actual Expenditures

	1968/69			1967/68			1966/67			1965/66			1964/65		
	Budget	Actual	% of Budget Expended	Budget	Actual	% of Budget Expended	Budget	Actual	% of Budget Expended	Budget	Actual	% of Budget Expended	Budget	Actual	% of Budget Expended
	Dollars			Dollars			Dollars			Dollars			Dollars		
Acquisition and Construction of Assets															
(1) Consolidation															
(a) Montreal	3,390,000	2,834,000		4,200,000	3,180,000		2,080,000	1,945,000		2,700,000	705,000		3,040,000	2,902,000	
(b) Toronto	50,000	–		525,000	4,000		25,000	3,000		25,000	–		25,000	100,000	
(c) Ottawa Area	–	20,000		111,000	124,000		709,000	483,000		1,491,000	534,000		50,000	29,000	
(d) Head Office	–	–		–	–		–	6,000		–	121,000		232,000	133,000	
(e) Winnipeg	–	–		10,000	9,000		–	85,000		150,000	42,000		115,000	111,000	
(f) Vancouver	300,000	81,000		500,000	376,000		800,000	457,000		–	7,000		25,000	2,000	
(g) Halifax	–	–		50,000	7,000		–	–		–	–		–	–	
Total Consolidation	3,740,000	2,935,000	79%	5,396,000	3,700,000	69%	3,614,000	2,979,000	82%	4,366,000	1,409,000	32%	3,487,000	3,277,000	94%
(2) Improvements to Coverage															
(a) Television	6,042,000	4,100,000		10,270,000	5,786,000		3,669,000	2,708,000		2,836,000	2,867,000		5,246,000	3,925,000	
(b) Radio	2,050,000	1,574,000		654,000	668,000		1,137,000	1,015,000		626,000	499,000		3,092,000	2,454,000	
(c) Northern Services	–	–		60,000	33,000		67,000	58,000		73,000	80,000		12,000	6,000	
Total Improvements to Coverage	8,092,000	5,674,000	70%	10,984,000*	6,487,000	59%	4,873,000	3,781,000	78%	3,535,000	3,446,000	97%	8,350,000	6,385,000	76%
(3) Other Replacements and Additions to Plant and Facilities, including minor capital items of Office Furniture, Technical equipment and Improvements to Properties															
(a) Television	9,771,000	10,016,000		6,534,000	5,795,000		1,545,000	1,541,000		2,332,000	1,288,000		2,952,000	2,879,000	
(b) Radio	1,276,000	1,452,000		394,000	273,000		251,000	296,000		334,000	83,000		112,000	141,000	
(c) Northern Services	–	–		–	–		–	–		10,000	1,000		–	18,000	
(d) Ordinary Capital & Improvements to Properties	1,910,000	1,894,000		2,000,000	2,159,000		1,500,000	1,809,000		1,500,000	1,431,000		1,000,000	483,000	
Total Replacements	12,957,000	13,362,000	103%	8,928,000	8,227,000	92%	3,296,000	3,646,000	111%	4,176,000	2,803,000	67%	4,064,000	3,521,000	87%
(4) Emergency Broadcasting	211,000	3,000	1%	120,000	10,000	8%	125,000	81,000	65%	200,000	74,000	37%	500,000	130,000	26%
(5) Color Television	–	–		4,860,000	1,396,000	29%	10,172,000	10,812,000	106%	644,000	2,389,000	371%	–	–	–
(6) I.B.C. Expo '67	–	–		–	204,000	–	5,917,000	5,993,000	101%	2,900,000	3,858,000	133%	–	126,000	
(7) Centennial Planning	–	–		1,340,000	1,188,000	89%	3,685,000	3,349,000	91%	–	–	–	–	–	–
TOTAL – Items 1 - 7	25,000,000	21,974,000		31,628,000	21,212,000		31,682,000	30,641,000		15,821,000	13,979,000		16,401,000	13,439,000	
Less: Delay in implementation due to unforseen developments				1,230,000			1,258,000			1,821,000			2,151,000		
Less: Proceeds from sales and trade ins		86,000			155,000			359,000			23,000			22,000	
Net Capital Expenditures	25,000,000	21,888,000	88%	30,398,000*	21,057,000	69%	30,424,000	30,282,000	99.5%	14,000,000	13,956,000	99.7%	14,250,000	13,417,000	94%

* Not changed for austerity cut of $900,000 re Saskatoon

Table P. Analysis of Capital Expenditures as at March 31, 1960–1969

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
New television and radio stations and other expenditures designed to extend coverage	$1,228,000	$1,476,000	$2,470,000	$2,195,000	$1,743,000	$ 6,385,000	$ 3,446,000	$ 3,781,000	$ 6,487,000	$ 5,674,000
Other expenditures on plant and equipment	4,393,000	3,783,000	2,873,000	2,262,000	3,584,000	3,629,000	2,854,000	3,368,000	8,082,000	13,279,000
Acquisition of land and engineering costs incurred in connection with consolidation of facilities at Toronto and Montreal and other consolidation costs	639,000	325,000	793,000	612,000	350,000	3,144,000	1,288,000	2,973,000	3,700,000	2,935,000
Head Office building .	–	–	78,000	1,312,000	1,656,000	133,000	121,000	6,000	–	–
I.B.C. Expo '67	–	–	–	–	–	126,000	3,858,000	5,993,000	204,000	–
Colour Television . . .	–	–	–	–	–	–	2,389,000	10,812,000	1,396,000	–
Centennial Planning .	–	–	–	–	–	–	–	3,349,000	1,188,000	–
	$6,260,000	$5,584,000	$6,214,000	$6,390,000	$7,333,000	$13,417,000	$13,956,000	$30,282,000	$21,057,000	$21,888,000

Table Q. Significant Statistics as at March 31, 1965–1969

	1969	1968	1967	1966	1965
			Dollars		
National Radio Service					
Program Costs	25,786,000	22,943,000	20,204,000	17,516,000	15,738,000
Programming hours	71,841	70,910	70,246	66,912	61,914
Network Distribution	3,219,000	2,837,000	2,664,000	2,542,000	2,367,000
Miles of networks	24,691	23,522	22,121	21,021	20,580
Stations on networks	344	316	286	256	247
Station Transmission	2,850,000	2,618,000	2,053,000	1,835,000	1,728,000
Station hours on air	210,406	205,889	199,416	196,078	176,123
Net Operating Requirement	36,013,000	32,885,000	28,333,000	23,259,000	20,659,000
Radio households	5,326,000	5,208,000	5,071,000	4,942,000	4,828,000
National Television Service					
Program Costs	98,388,000	96,496,000	77,798,000	68,141,000	63,881,000
Programming hours	27,919	26,767	25,897	25,107	24,317
Network Distribution	11,868,000	11,300,000	9,485,000	8,994,000	8,360,000
Miles of networks	10,740	9,970	9,928	8,871	8,865
Stations on networks	286	265	245	214	185
Station Transmission	5,966,000	5,209,000	3,853,000	3,675,000	3,276,000
Station hours on air	80,600	75,456	71,798	68,063	62,008
Net Operating Requirement	104,484,000	102,982,000	81,987,000	70,428,000	64,544,000
Television households	5,250,000	5,105,000	4,953,000	4,777,000	4,589,000
International Service	3,459,000	3,578,000	2,682,000	2,259,000	1,952,000
Emergency Broadcasting	418,000	948,000	870,000	799,000	786,000
Repayment on Capital Loans	3,955,000	2,890,000	1,371,000	712,000	0
Income from Public Funds	148,329,000	143,283,000	115,243,000	97,457,000	87,941,000
Gross Revenues	41,536,000	40,000,000	36,039,000	34,223,000	33,665,000
Gross Expenditures	189,865,000	183,283,000	151,282,000	131,680,000	121,606,000

EXPLANATORY NOTES:

1. Programming hours include the hours of network programs and the total hours of non-network originated by individual stations.
2. Miles of networks comprise the wire lines and microwave connecting all the stations on the English and French networks.
3. The stations on networks include both CBC and privately-owned basic and auxiliary stations.
4. The station hours on air represent the broadcasting time of the Corporation's stations, excluding in the case of radio and television, stations of the

Table R. CBC Facilities, Coverage and Programming for the Years Ended March 31st

	No. of Units		
	1959	1965	1969
Facilities			
Networks –			
Television	2	2	2
Radio	3	3	3
Broadcasting Stations –			
Television	8	14	16
Radio	18	30	38
Repeater Stations –			
Television	3	28	78
Radio	61	126	206
Coverage			
Estimated coverage by CBC and affiliated stations (percentage of population) –			
Television	85%	94%	97%
Radio	89%	98%	99%

Programming

There was a 5% increase in television programming hours between 1965 and 1969 from an average of 100 hours to 105 hours per week.

Appendix III

FINANCIAL STATISTICS FOR CORPORATIONS PUBLISHING DAILY NEWSPAPERS, CANADA 1958-67

Financial Statistics for Corporations Publishing Daily Newspapers, Canada 1958 – 67

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
					Dollars					
Balance Sheets										
Cash & Securities	26,241,000	27,713,000	30,430,000	30,553,000	33,200,000	34,912,000	27,668,000	33,772,000	31,796,000	49,370,000
Accounts Receivable	21,682,000	23,559,000	25,023,000	25,941,000	26,869,000	27,598.000	30,083,000	33,301,000	37,502,000	39,109,000
Inventories	8,282,000	7,854,000	8,080,000	8,102,000	7,556,000	7,070,000	9,326,000	9,485,000	10,824,000	9,634,000
Advances to Affiliates	1,182,000	1,495,000	474,000	644,000	599,000	1,606,000	289.000	713,000	1,096,000	607,000
Other Current Assets	2,023,000	2,047,000	1,795,000	1,941,000	1,708,000	1,803,000	2,409,000	2,150,000	2,253,000	2,774,000
Total Current Assets	59,410,000	62,887,000	65,802,000	67,182,000	69,932,000	72,989,000	69,774,000	79,420,000	83,470,000	102.294,000
Land	11,125,000	11,392,000	12,927,000	13,767,000	14,402,000	14,821,000	15,925,000	16,386,000	18,156,000	18,016,000
Buildings	49,951,000	56,427,000	61,345,000	63,006,000	66,803,000	72,494,000	83,789,000	91,249,000	97,160,000	99,016,000
Equipment & Structure	80,506,000	89,597,000	94,986,000	97,349,000	102,126,000	111,106,000	130,194,000	137,150,000	148,970,000	157,859,000
Total Building & Equipment	130,457,000	146,024,000	156,331,000	160,355,000	169,245,000	183,600,000	213,984,000	228,399,000	246,130,000	256,875,000
Less Accumulated Depreciation	57,613,000	66,676,000	72,371,000	76,890,000	83,322,000	90,729,000	112,637,000	117,281,000	127,021,000	139,996,000
Net Building & Equipment	72,844,000	79,348,000	83,960,000	83,465,000	85,923,000	92,871,000	101,347,000	111,118,000	119,109,000	116,879,000
Investment in Affiliates	19,380,000	25,414,000	25,294,000	33,562,000	33,063,000	35,285,000	34,129,000	47,399,000	50,093,000	54,893,000
Other Assets	20,383,000	20,604,000	20,045,000	20,363,000	19,654,000	18,555,000	19,619,000	19,104,000	21,230,000	15,658,000
Total Assets	183,142,000	199,424,000	208,028,000	218,339,000	222,973,000	233,605,000	240,795,000	273,325,000	292,058,000	307,740,000
Bank & Short Term Loans	8,348,000	10,211,000	5,794,000	8,818,000	8,811,000	10,872,000	9,251,000	10,039,000	9,367,000	7,077,000
Accounts Payable	13,177,000	14,810,000	13,444,000	13,485,000	13,960,000	16,926,000	19,426,000	21,916,000	24,166,000	23,894,000
Due to Affiliates Current	371,000	365.000	87,000	331,000	387,000	163,000	1,042,000	1,641,000	1,918,000	1,495,000
Other Current Liabilities	11,783,000	13,496,000	12,427,000	13,015,000	14,458,000	14,691,000	14,735,000	14,444,000	15,982,000	16,551,000
Total Current Liabilities	32,679,000	38,882,000	31,752,000	35.649,000	37,616,000	42,652,000	44,454,000	48,040,000	51,433,000	48,917,000
Due to Affiliates Non-Current	4,191,000	5,188,000	7,740,000	6,750,000	3,712,000	4,474,000	8,951,000	7,855,000	8,913,000	8,753,000
Net Long Term Debt	45.490,000	44,936,000	52,852,000	50,786,000	50,360,000	50,809,000	51,330,000	50,073,000	49,800,000	43,787,000
Other Liabilities	1,858,000	2,306,000	2,881,000	2,885,000	3,406,000	3,416,000	4,362,000	7,177,000	10,121,000	13,352,000
Total Liabilities	85,218,000	91,312,000	95,225,000	96,070.000	95,094,000	101,351,000	109,097,000	113,145,000	120,267,000	114,809,000
Common Shares	12,234,000	12,344,000	12,345,000	12,365,000	12,705,000	12.696,000	12,717,000	23,640,000	25,229,000	26,983,000
Preferred Shares	9,361,000	9,339,000	9,401,000	9,809,000	9,617,000	8,735.000	6,411,000	5,505,000	5,523,000	18,734,000
Retained Earnings	67,811,000	77,864,000	82,016,000	91,251,000	96,780,000	102.227,000	104,127 000	121,706,000	131,770,000	136,660,000
Other Surplus	8,518,000	8,566,000	9,041,000	8,844,000	8,777,000	8,597,000	8,443,000	9,329,000	9,269,000	10,554,000
Total Equity	97,924,000	108,113,000	112,803,000	122,269,000	127,879,000	132,255,000	131,698,000	160,180,000	171,791,000	192,931,000
Total Liabilities & Equity	183,142,000	199,424,000	208,028,000	218,339,000	222,973,000	233,605,000	240,795,000	273,325,000	292,058,000	307,740,000

Financial Statistics for Corporations Publishing Daily Newspapers, Canada 1958 – 67 (Concluded)

	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
					Dollars					
Profit and Loss Statements										
Sales	220,552,000	243,882,000	254,653,000	258,246,000	267,032,000	273,151,000	281,309,000	326,185,000	351,763,000	374,703,000
Interest	482,000	707,000	763,000	923,000	1,040,000	1,092,000	1,140,000	1,370,000	1,567,000	1,680,000
Dividends	1,039,000	1,387,000	1,280,000	1,485,000	1,584,000	1,675,000	1,526,000	1,461,000	1,688,000	3,260,000
Capital Gains	319,000	1,360,000	289,000	453,000	501,000	404,000	2,515.000	3,392,000	343,000	153,000
Other Income	2,021,000	2,930,000	2,872,000	2,112,000	2,363,000	2,217,000	1,948,000	2,868,000	3,107,000	3,667,000
Total Receipts	224,413,000	250,266,000	259,847,000	263,119,000	272,520,000	278,539,000	288,438,000	335,276,000	348,468,000	383,463,000
Material & Supplies	55,076,000	59,581,000	60,228,000	59,618.000	59,441,000	59,294,000	59,602,000	68,428,000	73,659,000	78,315,000
Other Expenses	44,763,000	48,863,000	52,120,000	52,959,000	56,315,000	57,723,000	56,854,000	65,869,000	74,101,000	82,815,000
Wages & Salaries	87,138,000	95,481,000	102,137,000	103,973,000	106,894,000	112,024,000	115,729,000	130,945,000	139,737,000	149,442,000
Repairs & Maintenance	1,490,000	1,704,000	1,943,000	2,471,000	2,187,000	2,308,000	2,412,000	2,485,000	2,688,000	2,703,000
Rent & Royalties	605,000	630,000	694,000	722,000	731,000	767,000	633,000	694,000	839,000	829,000
Depreciation	7,132,000	8,593,000	8,876,000	8,848,000	8,900,000	9,549,000	11,755,000	11,874,000	12,739,000	12,867,000
Other Taxes	1,324,000	973,000	1,365,000	1,455,000	1,543,000	1,520,000	1,564,000	1,639,000	1,830,000	1,954,000
Mgmt & Admin. Fees	309,000	378,000	475,000	525,000	546,000	664,000	733,000	807,000	860,000	823,000
Capital Losses	66,000	11,000	67,000	–	6,000	158,000	9,000	12,000	34,000	145,000
Total Expenses	168,858,000	217,214,000	227,905,000	230,571,000	236,565,000	243,932,000	249,291,000	282,753,000	307,487,000	329,893,000
Net Profit	26,542,000	34,052,000	31,943,000	32,548,000	35,954,000	34,607,000	39,147,000	52,523,000	50,981,000	53,070,000
Interest Payments	2,459,000	2,985,000	3,397,000	3,583,000	3,609,000	3,862,000	3,663,000	3,707,000	3,688,000	3,635,000
Income Taxes	11,011,000	14,101,000	13,988,000	13,869,000	15,164,000	14,355,000	17,105,000	20,773,000	22,756,000	24,061,000
Net Profit (after interest & income tax)	13,073.000	16,966.000	14,557,000	15,096,000	17,182,000	16,589,000	18,379,000	28,043,000	24,537,000	25,874,000
Retained Earnings Continuity										
Opening Balance	56,739,000	67,809,000	77,864,000	82,016,000	91,251,000	96,780,000	102,226,000	104,127,000	121,706,000	133,599,000
Net Profit	13,041,000	16,966,000	14,557,000	15,096,000	17,182,000	16,589,000	18,379,000	28,043,000	24,537,000	25,874,000
Capital Gains (Net)	1,106,000	710,000	(1,415,000)	198,000	1,226,000	975,000	1,119,000	537,000	(863,000)	1,569,000
Dividends Paid	(2,986,000)	(7,126,000)	(8,210,000)	(6,576,000)	7,701,000	11,442,000	16,932,000	10,990,000	(13,015,000)	16,464,000
Other Charges & Credits	(89,000)	(495,000)	(780,000)	518,000	(3,576,000)	1,098,000	1,336,000	887,000	(595,000)	7,918,000
Closing Balance	67,811,000	77,864,000	82,016,000	91,251,000	96,780,000	102,226,000	104,127,000	121,706,000	131,770,000	136,660,000
Capital Expenditures Buildings & Equipment	13,757,000	16,565,000	14,113,000	10,668,000	12,072,000	18,188,000	19,309,000	21,992,000	22,803,000	14,704,000

Source: Dominion Bureau of Statistics, Special Tabulation.

Appendix IV

REVENUE, COST, AND PRODUCTION DATA FOR DAILY NEWSPAPERS, CANADA, 1966-1968

The following tables contain data collected in a special survey undertaken by Hopkins, Hedlin Limited. In this survey, a sample of daily newspapers was selected, and a detailed questionnaire distributed which requested detail revenue, expense and production data. Some of the questionnaires were not returned, and others were not completed either in sufficient detail or in accordance with the format provided. After careful scrutiny of all the returns, eighteen were found to be complete and adequate. These eighteen were used to construct the following table.

The data for the eighteen newspapers have been divided into five groups, with each group representing a different circulation size range. The ranges in the daily circulations of the newspapers included in each group are indicated in a footnote to the table.

As a result of variations in individual returns and the requirement to compare financial information on a common basis, there are minor variations when TOTAL REVENUE figures are equated with TOTAL EXPENSE, DEPRECIATION, and PROFIT AFTER DEPRECIATION figures.

The ranges in the daily circulations of the papers included in each group are as follows:

Group	I	–	120,000 to 350,000
	II	–	75,000 to 85,000
	III	–	25,000 to 35,000
	IV	–	10,000 to 25,000
	V	–	4,500 to 8,500

	Group I (4 papers)			Group II (3 papers)			Group III (3 papers)			Group IV (4 papers)			Group V (4 papers)		
	1966	1967	1968	1966	1967	1968	1966	1967	1968	1966	1967	1968	1966	1967	1968
Revenue from Advertising	44,145,781	46,752,528	51,524,431	12,555,139	13,108,846	14,130,688	3,385,452	3,565,501	3,870,698	3,588,525	3,618,260	3,831,140	1,333,144	1,316,614	1,395,337
Revenue from Circulation	14,993,424	15,647,489	17,721,486	4,293,256	4,673,495	4,979,247	1,583,541	1,747 506	1,826,971	1,200,408	1,289,951	1,405,574	386,113	418,610	454,858
Revenue from Job Printing	192,559	213,356	347,421	128,293	135,722	107.900	–	–	–	25,717	21,543	23,816	711,625	898,926	613,305
Revenue from Investments	251,735	207,688	264,561	143.576	143,057	167,234	–	–	–	–	–	–	–	–	–
Ot'.r Revenue	1,484,695	1,652,673	1,676,360	197,372	196,599	109,070	87,864	87,420	142,330	77,033	69,349	75,474	73,597	70,178	89,675
Total Revenue	61,068,194	64,473,734	71,534,259	17,317,636	18,255,719	19,494,139	5,056,857	5,400,427	5,839,999	4,891,683	4,999,103	5,336,004	2,504,479	2,704,328	2,553,175
Prc duction															
Cir ulation – Net Paid	716,729	732,074	748,239	235,099	236,643	242,368	84,245	86,952	88,980	74,015	74,934	76,094	25,337	25,710	26,674
Cir ulation – Other	60,602	67,028	67,982	6,599	7,686	8,090	382	385	414	551	569	514	–	–	–
Total Circulation	777,331	799,102	816,221	241,698	244,329	250,458	84,627	87,337	89,394	74,566	75,503	76,638	25,337	25,710	26,674
Average No. of Pages per Issue†	54	56	59	46	48	48	26	25	25	28	27	28	14	14	14
Average No. of Columns per Issue															
Column News †	171	173	175	150	158	158	126	122	118	110	111	113	68	69	69
Columns Paid Advertising†	280	285	296	212	219	221	101	97	103	116	114	116	47	43	44
Columns Promotion†	6	6	3	3	4	3	–	–	–	–	–	–	–	–	–
Other†	1	1	4	1	2	3	–	–	–	–	–	–	–	–	–
Total Columns†	456	464	478	367	384	385	227	220	221	227	225	229	115	112	113
Pd. Advert. Col. as % of Total Col.†	61	61	62	57	57	57	43	43	45	51	51	51	41	39	39
Newsprint Used, Tons	98,935	104,501	111,473	23,924	25,175	26,285	1,300	1,344	1,415	2,378	2,466	2,609	–	–	–
Average No. of Employees†															
Full-time Employees	890	928	933	311	312	307	134	135	131	93	92	90	59	58	57
Part-time Employees	78	77	79	44	42	41	23	22	23	18	18	11	6	8	10
Total Wages and Salaries	20,808,395	22,229,355	24,282,212	6,581,943	7,014,286	7,623,083	1,998,798	2,113,910	2,254,956	1,822,593	1,931,818	2,073,327	1,154,431	1,216,295	1,278,728

Advertising															
Salaries	2,640,349	2,755,374	3,022,748	768,468	820,724	900,308	231,406	250,998	266,373	252,523	258,059	285,044	140,783	139,509	160,906
Group Advertising Service	200,352	215,569	228,102	92,308	98,345	92,151	37,868	35.820	42,409	22,402	20,960	17,397	28,360	23,749	21,818
Other Advertising Represent	46,090	47,483	52,615	2,200	1,795	1,606	3,150	3,150	3,150	12,797	8,858	7,591	–	–	–
Promotion	349,105	345,266	334,940	97,662	54,117	55,532	18,618	29,498	7,250	7,028	8,195	8,459	3,475	4,524	3,309
Discounts	99,411	103,278	89,912	72,851	44,430	40 219	24,376	32,059	8,102	8,441	8,007	6,856	7,014	6,269	5,922
Other Expenses	668,012	681,813	743,604	194,776	200,728	203,146	25,885	31,620	30,153	45,103	53,842	56,510	14,622	14,848	12,336
Total Advertising Expenses	4,003,319	4,148,783	4,471,921	1,198,265	1,220,139	1,292,962	341,303	383,145	358,327	348,294	357,921	381,857	194,254	188,899	204,291
Editorial															
Salaries	4,231,948	4,613,498	5,007,382	1,373,683	1,536,654	1,687,934	442,778	473,085	496,811	393,844	422,719	449,938	204,433	225,827	244,092
Correspondents	245,310	260,117	281,992	64,873	62.666	68,862	46,774	46,580	41,378	22,186	20,287	20,067	7,251	5,559	5,629
Special Features	169,876	182,416	199,234	175,946	181 999	185,269	42,317	44,620	45,863	39,252	39,082	42,249	18,513	19,502	22,179
Photos	218,589	252,512	280,357	165,352	158,717	173,287	59.237	65,677	85,230	93,486	104,669	105,085	11,847	12,374	10,572
Telegraph Services	235,398	247,396	250,971	111,284	118,699	129,818	5,343	4,485	4,159	62	48	5	–	–	–
Travelling	342,538	403,949	413,200	72,669	78,867	88,426	14,066	13,539	12,557	8,368	6,132	5.867	5,470	5,064	5,114
Long Distance Telephone	132,620	135,130	151,837	29,849	30.638	33,140	15,837	18,660	21,093	16,090	17,374	18,368	–	–	–
News Bureaux – Newspapers Only	152,546	177,939	208,995	169,974	194,312	197,255	–	–	15,218	17,901	18,685	18,148	294	–	1,500
Cdn. Press Levies	186,581	198.980	208,724	87,716	91,395	98,179	79,271	84,868	82,796	53,932	57,754	65,528	41,096	42,618	40,691
Other Wire & News Services	50,729	53,248	58,888	–	–	–	–	–	–	16,498	18,798	20,926	–	–	–
Other Editorial Expenses	659,690	648,161	608,267	65,754	71,117	70,676	17,278	17,531	14,651	35,938	30,172	28,871	4,334	3,993	3,506
Total Editorial Expenses	6,625,825	7,173,346	7,669,847	2,317,100	2,525,064	2,732,846	722,901	769,045	819,756	697,557	735,720	775,052	293,238	314,937	338,283

	Group I			Group II			Group III*			Group IV			Group V*		
	1966	1967	1968	1966	1967	1968	1966	1967	1968	1966	1967	1968	1966	1967	1968
Circulation Department															
Wages	1,662,373	1,808,856	1,951,784	479,867	448,809	473,728	145,058	151,077	159,660	129,549	132,201	140,404	65,973	70,694	76,797
Promotion	607,558	604,115	660,486	126,857	256,321	223,524	13,578	11,450	10,794	19,076	22,740	23,067	8,070	8,769	8,721
Postage	51,912	47,552	55,143	6,446	9,097	8,580	14,913	13,459	14,314	66,624	68,220	75,421	10,109	9,882	9,437
Other Expenses	321,019	334,616	335,878	138,120	136,185	151,386	71.305	72,608	81,747	60,335	62,576	78,115	14,415	14,521	14,705
Total Circulation Expenses	2,642,862	2,795,139	3,012,291	751.290	850,412	857,218	244,854	248,594	266,515	275,584	285,737	311,007	98,567	103,866	109,660
Distribution															
Wages and Salaries	2,173,535	2,487,720	2,459,807	143,446	157,864	177,749	51,741	54,834	59,676	34,494	36,556	39,793	–	–	–
Postage	218,768	224,995	237,564	117,179	92,542	109,689	85,247	99,604	105,830	–	–	–	–	–	–
Other	2,280,534	2,390,181	2,709,311	858,937	982.864	1,058,517	5,924	5,831	6,087	24,172	24,174	24,212	–	–	–
Total Distribution Expenses	4,672,837	5,102,896	5,706,682	1,119,562	1,233,270	1,345.955	228,478	248,228	260,413	87,662	92,182	98,423	25,856	26,859	27,981
Engraving															
Wages and Salaries	244,270	286,854	320,924	113,528	123,319	140,706	2,755	3,205	7,917	3,394	3,899	4,196	8,389	9,659	6,657
Other Expenses	271,115	278,063	362,270	84,201	90,628	97,211	11,881	2,305	(12,382)	(25,848)	(36,661)	(35,274)	17,641	17,977	17,562
Total Engraving Expenses	515,385	564,917	683,194	197,729	213,947	237,917	14,636	5,510	(4,465)	(22,454)	(32,762)	(31,078)	26,030	27,636	24,219
Composing and Stereotype															
Wages	4,599,496	4,745,378	5,077,190	1,880,552	2,030,598	2,221,841	816,927	856,663	901,044	737,565	794,728	849,283	384,158	397,527	420,713
Metal	28,063	40,431	43,704	14,884	15,072	18,602	11,903	13,379	14,738	9,550	11,206	9,660	5,203	3,862	5,175
Matrix Paper	75,381	80,577	89,737	52,057	50,533	50,190	11,293	14,948	14,751	8,692	10,283	10,276	6,973	6,274	7,129
Miscellaneous	564,090	506,783	444,646	106,308	127,238	129,230	42,959	46,430	53,016	41,807	43,120	53,225	19,592	20,251	18,717
Total Composing & Stereotype Exp.	5,267,030	5,373,169	5,655,277	2,053,801	2,223,441	2,419,863	883,082	931,420	983,549	797,614	859,337	922,444	415,926	427,914	451,734
Press															
Wages	1,655,550	1,681,075	1,921,267	361,090	388,884	426,290	65,091	73,029	75,561	67,763	75,475	80,481	–	–	–
Other Press Expenses	305,559	404,886	350,666	66,621	130,923	88,561	10,248	7,467	9,584	13,114	9,438	11,832	–	–	–
Total Press Expenses	1,961,109	2,085,961	2,271,933	427,711	519,837	514,851	75,339	80,496	85,145	80,877	84,913	92,313	–	–	–

Supplies															
Newsprint, frt., cartage, storage	13,037,661	14,106,052	15,243,994	3,027,002	3,227,355	3,446,222	656,634	665,648	703,281	514,278	531,655	553,348	104,772	108,954	114,572
Ink	408,903	420,165	458,899	115,401	123,173	126,505	20,433	22,350	24,119	16,569	16,711	15,929	3,774	3,107	3,751
Electrical Power	134,776	128,465	110,524	18,664	20,016	22,288	23,208	25,030	23,026	22,053	22,790	23,472	10,442	10,453	11,145
Total Supplies Expense	13,581,340	14,654,682	15,813,417	3,161,067	3,370,544	3,595,015	700,275	713,028	750,426	552,900	571,156	592,749	118,988	122,514	129,468
Overhead															
Salaries (incl. Bus. Off.-Data)	1,804,369	1,973,149	2,036,645	636,137	632,225	655,825	189,828	194,640	164,330	136,667	146,067	156,224	145,706	160,646	160,759
Travelling and Executives	14,428	17,655	16,941	13,996	13,966	17,817	7,589	8,184	9,835	6,943	5,826	6,737	7,302	8,379	9,455
Legal and Audit	136,553	163,887	127,399	18,645	59,809	35,854	12,799	9,487	6,109	3,373	5,047	6,398	3,203	5,468	3,950
Head Office Service Charge	149,100	159,936	180,096	88,320	94,080	103,944	97,085	105,431	170,923	83,177	92,922	94,762	72,897	77,146	77,541
Business Taxes	166,227	152,770	163,467	30,757	34,509	37,082	4,699	4,976	15,194	6,301	7,400	8,643	5,043	5,392	6,164
Insurance Premiums	159,612	97,000	106,548	19,971	18,932	19,681	14,664	16,828	16,134	8,039	8,367	25,489	13,101	12,973	14,304
Employees Welfare	719,615	1,182,267	1,275,238	140,207	181,612	237,182	66,092	79,768	91,456	54,071	63,277	71,031	29,619	30,166	34,352
Pensions and Retirement Plan	1,439,420	1,435,082	1,459,167	230,341	272,700	291,435	61,321	65,685	62,841	38,684	40,516	41,965	17,318	17,163	17,791
General – Salaries	244,335	260,307	349,852	21,246	16,408	16,706	–	–	–	–	–	–	–	–	–
– Expenses	965,959	1,025,378	1,557,371	93,810	121,772	81,585	–	–	–	–	–	–	–	–	–
Donations	182,364	195,319	211,892	64,560	75,508	78,265	16,496	6,117	4,207	1,910	1,950	2,320	775	686	1,274
Research	67,491	(2,576)	24,773	–	–	7,250	–	–	–	–	–	–	–	–	–
Miscellaneous (incl. Data Centre)	1,034,465	1,093,690	1,403,288	320,763	373,834	482,729	111,222	114,667	104,847	83,953	110,982	98,302	59,599	46,406	49,910
Total Overhead Expenses	7,083,938	7,753,864	8,912,677	1,678,750	1,895,355	2,065,355	581,795	608,783	645,876	423,118	482,354	511,871	354,563	364,425	375,500
Building															
Wages	579,649	495,712	461,987	146,925	158,737	149,452	28,611	31,854	60,956	23,566	25,317	28,396	13,923	15,041	14,031
Heat	95,082	103,298	165,795	19,325	18,656	19,980	14,323	15,173	18,454	13,869	13,477	12,924	10,670	11,607	12,331
Repairs, Supplies, etc.	482,519	588,101	423,435	107,474	107,655	91,810	52,384	60,232	45,586	26,043	24,623	30,800	11,020	8,965	14,493
Insurance and Taxes	318,922	454,847	518,262	121,749	139,927	156,044	56,766	69,642	64,388	41,755	40,736	44,087	37,001	40,030	42,293
Rent	25,968	–	–	(3,600)	(3,600)	(3,600)	5,574	3,294	1,650	12,000	14,400	16,800	–	–	–
Miscellaneous	113,237	120,655	127,870	70,140	73,881	68,515	–	–	–	64	146	170	9,639	9,639	9,639
Total Building Expenses	1,615,377	1,762,613	1,697,349	462,013	495,256	512,201	157,658	180,195	191,034	117,297	118,699	133,177	82,253	85,282	92,787
Job Printing															
Wages	89,032	103,538	179,247	53,121	38,658	44,490	–	–	–	14,005	11,861	13,777	184,513	187,618	188,575
Materials and Supplies	37,963	43,519	68,468	44,782	33,016	29,898	–	–	–	8,777	6,590	7,943	355,136	489,515	286,762
Miscellaneous	11,769	13,547	13,703	41,753	39,396	8,009	–	–	–	1,096	3,306	1,208	47,936	60,459	34,114
Total Job Printing Expenses	138,764	160,604	261,418	139,656	111,070	82,397	–	–	–	23,878	21,757	22,928	587,585	737,592	509,451
Purchased Sections	807,148	624,616	1,680,378	17,225	151,043	171,614	14,460	28,240	37,853	(27,109)	(19,999)	(16,921)	5,647	8,324	12,005
Other Expenses	881,261	864,229	854,694	175,657	89,923	–	–	–	–	27,385	24,229	20,849	–	–	–
Depreciation															
Building	285,285	303,920	304,774	117,277	109,214	102,503	60,315	63,698	52,341	38,958	37,013	36,756	32,573	28,745	17,921
Printing Press	1,234,534	1,027,005	835,571	298,515	244,452	200,543	–	–	–	37,455	32,256	27,769	–	–	–
Automatic Equipment	134,603	140,570	150,114	17,135	15,010	17,492	8,618	9,854	9,595	41,531	15,485	15,352	15,821	14,200	9,684
Other Equipment	108,976	109,577	11,048	192,491	101,172	114,886	123,788	122,768	42,605	129,699	115,969	100,331	135,665	112,888	73,232
Total Depreciation	1,756,092	1,581,072	1,401,507	625,418	469,848	435,424	340,751	330,007	219,281	240,009	216,174	193,672	184,059	155,833	100,837
Profit After Depreciation	9,516,196	9,827,134	11,439,955	2,992,089	2,869,570	3,230,924	748,366	876,436	1,220,204	1,269,071	1,201,685	1,344,196	117,558	140,247	176,899
Profit as Per Cent of Revenue	19.59%	18.24%	18.48%	10.63%	8.66%	9.21%	3.6%	5.8%	9.6%	24.57%	22.87%	24.15%	5.3%	5.9%	10.3%

†These figures represent averages per paper in each group. All other figures are the totals for all papers in the group.

Appendix V

BALANCE SHEET AND OPERATING PROFIT DATA FOR SELECTED COMPANIES PUBLISHING DAILY NEWSPAPERS, CANADA, 1964 – 1968

The following tables contain aggregations of balance sheet and operating profit data for a number of companies publishing daily newspapers in Canada. The data were collected in a special survey undertaken by Hopkins, Hedlin Limited. Questionnaires were sent to all companies publishing daily newspapers in Canada. The tables contain an aggregation of the data for individual companies which returned the questionnaire in sufficient detail to permit their use.

As a result of variations in individual returns and the requirement to compare financial information a common basis, there are minor variations when the TOTAL CURRENT ASSETS figure is compared to a summation of the individual components within the ASSETS category. The same applies to the LIABILITIES, EQUITY, and TAX sections of the Table as well as when the TOTAL ASSETS figure is equated to TOTAL LIABILITIES plus TOTAL EQUITY.

The company results have been aggregated by groups, with membership in a particular group being determined by the size of the company's total revenue in 1968. The following are revenue groupings used:

Group I: $5,000,000 and over
Group II: $2,000,000 to $4,999,999
Group III: $1,000,000 to $1,999,999
Group IV: Less than $1,000,000.

	1964	1965	1966	1967	1968
			Dollars		
GROUP I (7 Companies)					
Assets:					
Cash	2,435,260	3,924,899	3,701,310	3,475,864	4,254,683
Securities, Advances, Deposits	11,205,027	11,357,780	10,528,117	10,452,207	24,947,699
Receivables	16,330,393	19,630,408	22,296,862	30,144,144	25,809,973
Inventories	6,265,398	6,665,339	8,858,683	6,441,580	6,601,652
Due from Shareholders	5,809	4,010	2,357	3,573	2,766
Other Current Assets	892,800	1,034,428	1,149,380	1,415,912	1,639,866
Total Current Assets	37,133,232	42,612,864	45,535,709	51,339,281	63,256,639
Land	10,302,945	11,803,461	12,920,246	12,907,949	16,035,999
Buildings and Equipment	101,322,922	123,533,904	126,764,425	138,008,348	141,677,142
Less accumulated depreciation	56,699,338	63,991,543	68,991,695	74,730,711	77,942,067
Buildings & Equipment (Net)	45,236,249	61,569,983	64,695,228	66,014,248	67,769,040
Mortgages, Investments, Loans	273,677	523,149	637,860	1,083,814	15,110,196
Investment in Affiliates	14,600,283	17,418,076	17,832,841	13,331,412	4,065,425
Franchises, Goodwill & Intangible	20,183,968	30,373,997	30,316,997	26,757,061	27,182,922
Other Assets	8,024,051	6,686,360	8,605,577	7,600,900	5,417,533
Total Assets	135,142,740	153,186,399	159,090,197	154,587,037	166,192,108
Liabilities:					
Bank Loans	749,354	2,098,349	2,306,000	–	715,000
Loans, Deposits, Advances	62,000	43,000	48,000	50,000	130,492
Accounts Payable	11,705,370	15,303,887	14,896,591	13,944,356	15,430,644
Taxes Payable	3,039,828	3,314,347	4,828,246	5,515,959	9,104,742
Other Current Liabilities	4,314,394	4,817,038	4,828,439	7,342,215	5,840,024
Total Current Liabilities	19,879,946	25,756,621	26,303,385	26,852,530	22,898,902

	1964	1965	1966	1967	1968
			Dollars		
Deferred Income Taxes	1,412,105	2,428,443	2,911,326	3,194,796	4,537,109
Due to Shareholders	8,000,000	8,002,117	8,004,977	7,681,103	6,682,150
Long-term Debt	118,189,000	22,360,870	21,900,554	19,606,721	19,787,696
Other Liabilities	1,099,186	3,212,152	4,590,261	13,257,863	11,339,851
Total Liabilities	48,881,337	61,760,203	63,710,503	70,593,013	72,567,708
Equity:					
Common Shares	7,212,400	7,717,769	7,756,619	6,249,189	6,249,189
Preferred Shares	23,829,650	28,446,150	26,807,300	24,505,800	22,605,800
Retained Earnings	51,738,353	61,205,180	70,323,472	72,672,400	90,362,165
Other Surplus	3,481,000	9,829,966	9,793,966	9,500,966	9,288,966
Total Equity	82,730,403	64,247,656	69,022,427	63,759,293	72,168,608
Total Revenue	166,141,506	189,818,242	214,635,608	239,272,054	254,320,928
Total Expenses	141,521,550	159,712,826	185,669,506	203,380,485	212,984,539
Net Profit Before Tax	24,619,956	30,105,416	30,756,635	36,191,569	41,336,389
Income Taxes	11,471,540	13,448,040	14,908,817	16,541,079	19,674,188
Net Profit After Tax	13,148,426	16,657,376	15,847,818	20,196,490	21,662,201

	1964	1965	1966	1967	1968
			Dollars		
GROUP II (7 Companies)					
Assets:					
Cash	656,942	1,212,557	582,228	544,881	445,331
Securities, Advances, Deposits	658,329	660,879	962,338	1,093,500	1,100,875
Receivables	1,606,736	1,812,415	2,020,659	2,135,590	2,457,936
Inventories	331,830	373,319	412,641	438,465	482,428
Due from Shareholders	34,625	32,490	83,290	286	56,991
Other Current Assets	75,067	83,554	121,065	101,647	108,267
Total Current Assets	3,363,527	4,175,223	4,182,259	4,314,376	4,651,833
Land	624,722	624,327	683,981	716,524	771,048
Buildings and Equipment	13,204,428	13,439,846	14,855,206	15,282 580	13,830,226
Less acc. depreciation	7,250,027	8,112,995	9,234,439	9,856,034	9,091,434
Buildings & Equipment (Net)	6,368,603	5,851,042	6,181,395	5,964,231	5,354,713
Mortgages, Investments, Loans	803,402	1,405,953	1,384,023	1,804,166	1,281,014
Investment in Affiliates	924,280	958,989	1,508,694	1,606,247	1,318,207
Franchises, Goodwill & Intangibles	1,401,408	1,414,458	1,419,678	958,538	958,538
Other Assets	68,570	67,111	79,789	124,481	126,960
Total Assets	13,554,519	14,497,131	15,558,529	15,488,570	14,472,050
Liabilities:					
Bank Loans	316,965	264,206	203,439	193,385	400,764
Loans, Deposits, Advances	143,495	162,789	214,207	204,725	139,141
Accounts Payable	683,047	778,593	1,285,107	1,140,254	1,000,970
Taxes Payable	432,214	639,441	465,035	504.636	544,961
Other Current Liabilities	223,456	236,742	191,634	204,411	380,660
Total Current Liabilities	1,799,182	2,081,774	2,361,506	2,247,384	2,475,398

	1964	1965	1966	1967	1968
			Dollars		
Deferred Income Taxes	198,887	197,379	176,631	186,268	201,309
Due to Shareholders	251,864	523,128	190,390	374,048	338,665
Long-Term Debt	1,471,844	1,143,407	1,160,425	703,000	671,000
Other Liabilities	5,692	5,965	52,273	65,601	73,964
Total Liabilities	3,727,470	3,951,655	3,941,247	3,576,303	3,788,437
Equity:					
Common Shares	727,200	727,200	727,200	717,200	723,200
Preferred Shares	669,080	669,080	669,080	669,080	646,080
Retained Earnings	8,227.553	8,758,536	9,523,366	10,238,031	9,280,494
Other Surplus	203,213	390,657	225,587	277.955	34,938
Total Equity	9,827,048	10,545,474	11,145,534	11,915,267	10,684,712
Total Revenue	16,378,179	18,057,604	19,905,934	21,336,259	23,201,831
Total Expenses	14,741,736	15,931,889	17,579,202	19,070,216	20,938,227
Net Profit	1,636,443	2,125,713	2,326,730	2,246,040	2,254,714
Income Taxes	760,616	980,615	1,099,430	1,047,967	1,010,271
Net Profit After Taxes	875,825	1,145,097	1,227,298	1,198,073	1,244,442

	1964	1965	1966	1967	1968
			Dollars		
GROUP III (8 Companies)					
Assets:					
Cash	154,026	163,678	281,202	267,247	277,275
Securities, Advances, Deposits	29,767	8,253	3,088	114,965	3,715
Receivables	1,321,458	1,389,083	1,437,797	1,525,471	1,615,672
Inventories	535,735	591,365	604,464	439,876	426,246
Due from Shareholders	290,165	458,562	77,394	211,047	216,177
Other Current Assets	61,027	40,343	47,650	48,415	32,807
Total Current Assets	2,405,769	2,651,284	2,461,595	2,607,034	2,571,893
Land	374,491	321,178	395,064	397,111	408,924
Buildings and Equipment	7,613,467	7,933,229	8,389,149	8,760,020	8,899,510
Less acc. Depreciation	3,469,809	3,940,927	4,334,153	4,716,063	4,955,063
Buildings & Equipment (Net)	4,438,728	4,128,762	4,178,715	4,156,916	4,041,989
Mortgages, Investments, Loans	502,415	1,433,411	1,375,437	1,248,954	1,220,289
Investment in Affiliates	29,390	18,090	18,090	18,090	48,883
Franchises, Goodwill & Intangibles	555,702	555,702	555,702	555,702	555,702
Other Assets	162,399	149,856	163,347	17,334	123,297
Total Assets	7,197,615	9,258,285	9,147,951	9,156,143	8,970,979
Liabilities:					
Bank Loans	513,294	469,776	420,341	240,986	221,885
Loans, Deposits, Advances	60,867	61,056	62,195	27,602	8,622
Accounts Payable	828,329	805,988	887,978	915,754	833,402
Taxes Payable	153,142	243,014	179,567	269,582	147,378
Other Current Liabilities	138,589	176,071	238,256	124,109	125,430
Total Current Liabilities	1,694,222	1,818,904	1,788,337	1,578,034	1,336,713

	1964	1965	1966	1967	1968
			Dollars		
Deferred Income Taxes	281,147	324,913	403,267	432,421	414,056
Due to Shareholders	131,247	75,939	69,024	109,369	108,584
Long-Term Debt	500,581	880,247	731,320	771,331	757,445
Other Liabilities	–	–	–	–	21,740
Total Liabilities	2,579,198	3,037,003	2,991,949	2,891,154	2,638,538
Equity:					
Common Shares	1,624,700	1,624,700	1,624,700	1,624,700	1,624,700
Preferred Shares	147,800	122,800	102 800	265,500	272,900
Retained Earnings	4,052,494	4,403,077	4,357,722	4,303,934	4,363,985
Other Surplus	70,705	70,707	70,780	70,855	70,854
Total Equity	5,895,699	6,221,282	6,156,002	6,264,989	6,332,439
Total Revenue	9,615,134	10,497,017	11,219,778	11,898,085	11,761,404
Total Expenses	9,000,107	9,822,327	10,447 590	11,023,549	10,808,397
Net Profit	615,027	674,690	772,188	874,536	953,007
Income Taxes	316,657	297,520	319,420	400,211	441,526
Net Profit After Taxes	298,369	377,170	452,767	474,325	511,481

	1964	1965	1966	1967	1968
			Dollars		
GROUP IV (9 Companies)					
Assets:					
Cash	108,342	126,861	138,567	93,946	195,359
Securities, Advances, Deposits	336,133	361,911	472,172	548.093	577,180
Receivables	498,237	553,445	542,808	603,252	609,524
Inventories	125,109	121,301	137,926	132,784	118,086
Due from Shareholders	–	–	–	–	–
Other Current Assets	89,633	67,563	76,824	53,581	62,919
Total Current Assets	1,157,496	1,231,084	1,368,302	1,431,660	1,561,101
Land	131,420	139,447	160,050	146,750	146,701
Buildings and Equipment	3,498,612	3,528,926	3,603,925	3,571,646	3,564,469
Less acc. Depreciation	1,989,756	2,062,746	2,130,788	2,155,986	2,191,650
Buildings & Equipment (Net)	1,751,509	1,719,595	1,853,207	1,788,088	1,823,266
Mortgages, Investments, Loans	116,026	151,695	122,074	157.341	137,196
Investment in Affiliates	41,006	41,005	41,005	101,005	147,000
Franchises, Goodwill & Intangibles	102,584	102,584	102,584	102.584	102,584
Other Assets	177,801	173,520	135,109	119,793	101,956
Total Assets	3,450,851	3,558,938	3,770,075	3,847,225	4,019,769
Liabilities:					
Bank Loans	257,852	151,853	114,389	173,113	152,186
Loans, Deposits, Advances	45,674	43,060	43,254	66,976	57,259
Accounts Payable	406,591	309,182	290,801	254,816	347,455
Taxes Payable	43,013	70,886	93,039	111,796	93,549
Other Current Liabilities	36,745	40,065	166,551	39,045	58,154
Total Current Liabilities	788,875	622,988	613,996	645,710	708.604

	1964	1965	1966	1967	1968
			Dollars		
Deferred Income Taxes	5,665	4,995	5,072	5,060	5,671
Due to Shareholders	–	–	56,534	35,854	32,069
Long-Term Debt	234,948	290,645	288,099	252,875	240,228
Other Liabilities	97,807	106,882	105,409	113,469	138,415
Total Liabilities	1,128,296	1,035,507	1,070,110	1,052,968	984,847
Equity.					
Common Shares	381,350	381,250	381,250	371,250	381,250
Preferred Shares	71,900	71,900	71,900	71,900	71,900
Retained Earnings	1,896,199	2,088,214	2,246,803	2,341,097	2,444,456
Other Surplus	–	–	–	–	–
Total Equity	2,349,349	2,541,364	2,699,963	2,794,247	2,894,606
Total Revenue	4,626,232	4,978,799	5,001,401	5,480,006	5,493,457
Total Expenses	4,384,463	4,646,577	4,685,790	5,087,022	5,111,767
Net Profit	241,768	333,222	315,611	392.983	382,690
Income Taxes	51,418	78,212	83,715	122,407	121,758
Net Profit After Taxes	184,673	239,333	287,328	266,194	266,901

Appendix VI

TOTAL OPERATING REVENUE, TOTAL OPERATING EXPENSES AND NET OPERATING PROFIT, PRIVATELY-OWNED RADIO AND TELEVISION BROADCAST INDUSTRY, 1965 – 1969

D.B.S. 56–204. Radio and Television Broadcasting for 1969 was not available in time for inclusion in this report. Companies submitting returns to D.B.S. for 1968 were required to adjust their fiscal year, for reporting purposes, to end on August 31. Some concern has been expressed that this change may have led to inconsistencies in compiled data for that year. As a result, a preliminary comparison of 1969 data with that for 1968 and a number of previous years has been made to determine if any substantial trend changes might have been recorded in 1968. As shown in the above data, 1968 figures, in most cases, do show a variance from indicated trends in other years. This variance may be largely as a result of the change in reporting dates. Further detailed study would be required to validate this preliminary finding.

	1965	1966	1967	1968	1969
			Dollars		
Radio					
Total Operating Revenue	70,532,528	79,554,877	88,761,131	95,678.936	108,088,435
Incease Over Previous Year		9,022,349	9,206,254	6,917,805	12,409,499
Total Operating Expenses	63,412,261	69,931,621	77,143,817	83,261,451	93,393,340
Increase Over Previous Year		6,519,360	7,212,196	6,117,634	10,131,889
Net Operating Profit	7,120,267	9,623,256	11,617,314	12,417,485	14,695,095
Increase Over Previous Year		2,502,989	1,994,058	800,171	2,277,610
Television					
Total Operating Revenue	75,262,264	85,783,433	95,177,816	99,992,695	106,574,456
Increase Over Previous Year		10,521,169	9,394,383	4,814,879	6,581,761
Total Operating Expenses	60,866,746	70,033,281	79,321,841	82,508,978	84,646,388
Increase Over Previous Year		9,166,535	9,288,560	3,187,137	2,137,410
Net Operating Profit	14,395,518	15,750,152	15,855,975	17,483,717	21,928,068
Increase Over Previous Year		1,354,634	105,823	1,627,742	4,444,351

Source: D.B.S. Catalogue No. 56 – 204.